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ESTABLISHED 1887

Japanese Invasion' in Europe

Isolation Village Is Latest to Welcome New Jobs, Money

By Axel Krause
International Herald Tribune
KIENTZHEIM, France — There are no snail bars in Kientzheim and sake is still unavailable at any of its cafes, but there is no doubt that the Japanese have landed in this Alsatian village.

Behind stone walls in a field just outside town, for example, workers are busy renovating a former parsonage school that soon will open to about 100,000 Japanese students working in Western Europe. When the boarding school opens next spring, it will be staffed by Japanese teachers. A cultural center for them is being built not many miles away.

U.S.-Japan Trade Gap Expected to Keep Rising

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — Despite a higher-valued yen and new moves by Japan to open its markets, the United States' trade deficit with Japan is expected by many analysts to continue rising, sharpening frictions between the two countries. Although trade relations have improved since last spring, when there were open conflicts over autos and telecommunications, new frictions appear likely as the U.S. Congress drafts legislation in telecommunications and other areas and as the Reagan administration pursues its declared policy of moving aggressively against unfair trade practices.

Only last Friday the Commerce Department began an investigation into complaints that Japanese semiconductor producers are selling high-capacity memory chips, a key component of computers, at prices that might be "substantially below" the cost of production. Meanwhile, many analysts say that the currency changes and market-opening moves will work only to slow the growth of the trade deficit. Few see the deficit actually shrinking.

Data Resources Inc. of Lexington, Massachusetts, a leading forecasting concern, sees the deficit rising at least through 1988, although at a slower pace than the nearly 40 percent increase this year. Data Resources projects a deficit of \$46.3 billion for this year, against \$37 billion in 1984. It sees a deficit of \$49.5 billion in 1986 and \$52.8 billion in 1987.

Kathleen S. Molloy, the forecasting company's senior Japan an-

Other analysts grumble about the "Japanese invasion of Europe," but Kientzheim's roughly 970 villagers are more than pleased. For Kientzheim, as for towns and cities throughout Western Europe, the

Japanese presence means jobs and money.

Equally pleased is Shoji Horie of Sony, one of Japan's largest consumer electronics companies. "The school is an illustration of the kind of help and encouragement we are getting to establish ourselves in Western Europe," he

said while visiting this village seven miles (12 kilometers) north of the city of Colmar in eastern France. Mr. Horie, who is based in Tokyo, was not overseeing the school's renovation but preparing for the opening of another Japanese institution: a Sony plant in Europe.

The company's third in France and sixth in Europe, it will be built in the adjacent town of Ribeauvillé. When it is completed by the end of next year, the plant will make compact disc players and parts for videotape recorders for the West European market.

Because it will be built in Europe, the equipment will not be subject to import quotas and European Community duties ranging up to 19 percent of cost. This is the new point of "the Japanese invasion." Originally designed to broaden markets, the movement has been accelerated as a way of skirting Europe's increasingly protective trade barriers.

"Some complain about the Japanese invasion," said Andre Klein, the head of the region's economic development committee in Colmar, "but for us the school and factory reflect our determination to internationalize our region and create jobs."

His committee opened an office in Tokyo three years ago to attract investments to Alsace, where the unemployment rate is 9.3 percent, one point under the French overall rate.

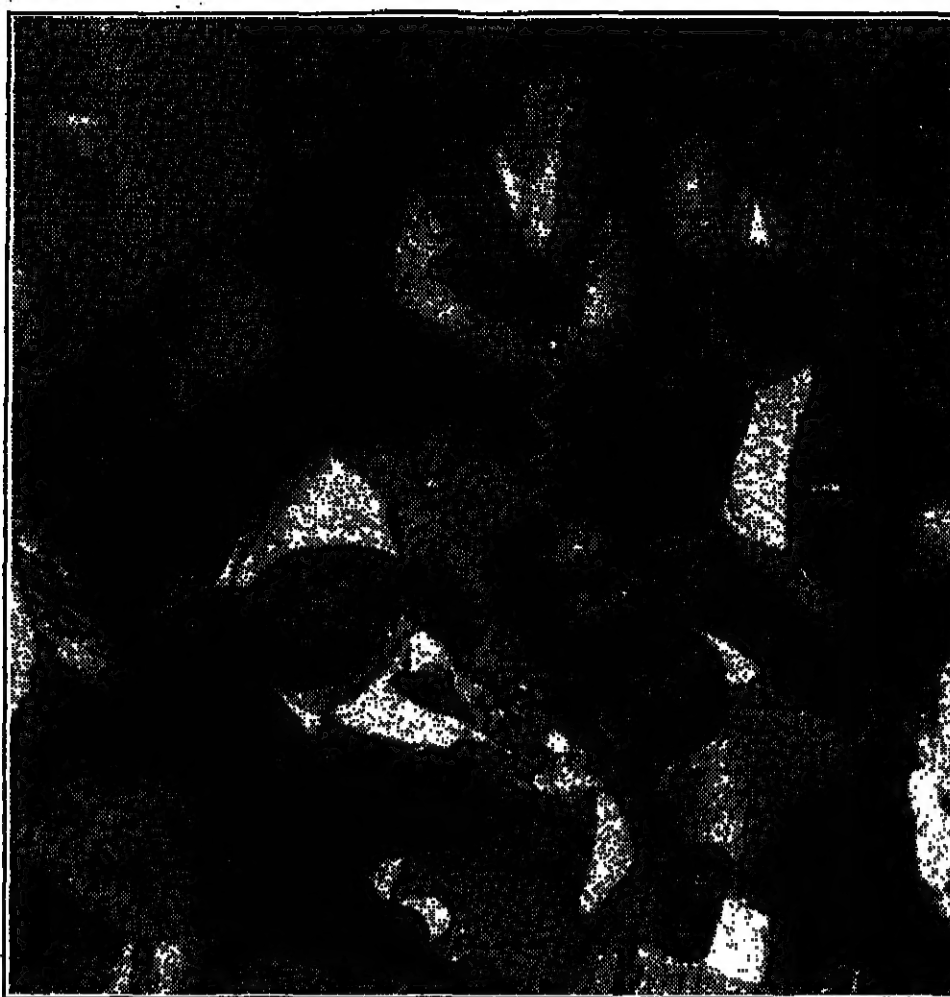
Not that the Japanese need much encouragement. Sony is among about 700 Japanese companies and banks that have invested in the last decade in virtually every country of Western Europe, but primarily in Britain, West Germany, France and Belgium.

Many of the largest companies, such as Sony, Honda and Nissan, also have invested heavily in the United States and in Southeast Asia. But Japan's investments in Western Europe have risen faster than in other areas, and now represent about 12 percent of Japan's investments overseas.

The performance record of those investments has been mixed. The largest companies report they are doing well but many of the smaller ones have run into major difficulties in Western Europe.

Their problems center on a high turnover rate among local employees, difficulties in finding high-quality components and an inability by some workers to accept Japanese industrial goals and methods, down to the callisthenics that traditionally start the Japanese working day.

"We and some of our companies (Continued on Page 7, Col. 3)



Dr. Yevgeni Chazov of the Soviet Union, in white shirt, and Dr. Bernard Lown of the United States, with bald spot, joining to give cardiac massage to a Soviet journalist who had a heart attack at a news conference. The two doctors won the 1985 Nobel Peace Prize.

Nobel-Winning Doctors Join to Save Reporter With Heart Attack in Oslo

By William Drozdzak
Washington Post Service

OSLO — A Soviet and a U.S. cardiologist, whose anti-nuclear campaign has been honored with this year's Nobel Peace Prize, but assailed by critics as politically naive, pooled their professional skills Monday to aid a journalist who suffered a heart attack during a contentious press conference.

On the eve of their acceptance of the prize on behalf of International Physicians for the Prevention of Nuclear War, Dr. Yevgeni Chazov of the Soviet Union and Dr. Bernard Lown of the United States fended off hostile inquiries about their group's refusal to become involved in human rights issues.

When a Soviet journalist tumbled to the floor, stricken by cardiac arrest, Dr. Lown and Dr. Chazov jumped from the podium and took turns trying to revive the patient's heart by pounding his chest,

shouting in Russian and in English for drugs and equipment.

They were aided by several other heart specialists in attendance, who had come to Oslo to participate in the Nobel ceremonies as representatives of the organization in-

ter development of all nuclear arms has brought them into conflict with the Reagan administration's defense buildup and with conservatives who contend that their positions are tinged with a pro-Soviet bias.

But international outrage swelled recently when it was disclosed that Dr. Chazov had signed a letter in 1973 with other Soviet doctors denouncing Andrei D. Sakharov, the dissident physicist, who won the 1975 Nobel Peace Prize for his campaign to improve human rights in the Soviet Union.

Dr. Chazov refused to respond directly to questions Monday about whether he regretted signing the letter. He and Dr. Lown contended that the efficacy of their work could only be sustained if their organization avoided politically sensitive issues.

Dr. Lown complained that such groups as Amnesty International,

known as Doctors Against Nuclear War.

The group, which includes more than 135,000 members in 41 nations, was awarded this year's peace prize for its work in publicizing the medical and environmental hazards of nuclear warfare. They have been praised by scientists for their cogent analyses of the likely consequences wrought by explosions of nuclear weapons.

The doctors' advocacy of a nuclear test ban and a freeze on fur-

South African Treason Trial Collapses; Charges Dropped Against 12 Blacks

By Allister Sparks
Washington Post Service

JOHANNESBURG — South Africa's biggest political trial in two decades collapsed Monday when the government withdrew charges of high treason against 12 top black political leaders.

The government is to continue pressing the treason charges against four labor unionists who were charged with the political leaders. But lawyers said the case against them had been seriously weakened by the events that led to the abandoning of the charges against the 12.

There were wild scenes of jubilation in the little red-brick courthouse in Pietermaritzburg when the attorney general of Natal province, Michael Imber, announced the withdrawal of the charges.

The case has been regarded as the most important treason trial in the country since Nelson Mandela, the leader of the outlawed African National Congress, was imprisoned in 1964.

Among those freed were Archie Gumede and Albertina Sisulu, two co-presidents of the United Democratic Front, the main multiracial organization inside the country

fighting apartheid, South Africa's system of racial segregation.

Mrs. Sisulu is the wife of Walter Sisulu, one of the African National Congress leaders imprisoned with Mr. Mandela.

The collapse of the case is being interpreted as a serious political embarrassment for the government, which had been subjected to international criticism over the detention of those charged.

Although Mr. Imber gave no reason for the withdrawal of the charges, testimony last week by the star prosecution witness crumbled under cross-examination. The witness, Isaac D. de Vries, a political scientist, told the court that he had misunderstood his role in the case and made "fundamental mistakes" in his evidence that could have misled the court.

Critics have accused the government of using political trials such as this one as an extension of its detention system, bringing poorly based charges against political opponents in order to tie them up in long, complicated cases that put them out of action for months or even years.

Twenty-two other leaders of the United Democratic Front involved in a similar treason case are still in

prison waiting for their trial to begin Jan. 20.

Some of the 12 who were freed Monday, including five who sought refuge in a British Consulate last year, were first detained under the security laws in August 1984; others were first held last February.

Even though this case has now collapsed, the legal proceedings in the two cases mean that 38 of South Africa's most important black leaders have been effectively put out of action for the whole of this year, a period of unprecedented black resistance to white rule during which more than 900 blacks have been killed.

The trial reached a crucial point last week when Mr. de Vries was cross-examined by the chief defense counsel, Ismael Mohammed.

Mr. de Vries, 30, is a lecturer in politics at the Rand Afrikaans University in Johannesburg and was presented as an expert on revolutionary change. His testimony that a "revolutionary alliance" exists between illegal organizations such as the African National Congress and legal ones such as the United Democratic Front laid the theoretical foundation for the treason charges

(Continued on Page 7, Col. 2)

Argentina Jails 5 Junta Officers; Galtieri Is Freed

Compiled by Our Staff From Dispatches

BUENOS AIRES — Jorge Videla and Admiral Emilio Massera, former members of Argentine military juntas, were sentenced to life in prison Monday by a civilian court on charges of human rights violations during the 1970s.

Three others among the nine members of the three successive military juntas that ruled Argentina after a March 1976 coup toppled President Isabel Peron were sentenced to prison terms by a six-judge federal appeals panel.

But the last Argentinean military president, General Leopoldo Galtieri, was acquitted, as were the two other members of his junta, Admiral Jorge Anaya and Brigadier General Basilio Lami Dozo.

Brigadier General Omar Graffigna, air force commander from 1979 to 1981 in the second junta and the only one of the nine defendants at liberty during the trial, also was cleared of all charges.

General Roberto Viola, who led the second junta, was sentenced to 17 years in prison. Admiral Armando Lambruschini, navy commander in the second junta, was sentenced to eight years and General Orlando Agosti, air force commander in the first junta, was sentenced to four years and six months in prison.

Under the three juntas, the armed forces led a campaign to wipe out leftist terrorism and subversion. According to official figures, 9,000 people disappeared for political reasons in Argentina from 1976 to 1982. Human rights organizations put the figure at closer to 30,000.

President Radl Alfonsín ordered the nine former leaders to be put on trial in a decree issued three days after his Dec. 10, 1983, inauguration. The verdicts come on the eve of the second anniversary of Argentina's return to elected civilian rule after nearly eight years of military dictatorship.

The task of trying the nine was first turned over to a military court, but the Federal Appeals Court took over the trial in September 1984 after military judges said they could not reach verdicts in the time provided.

A public trial that lasted 16 weeks began April 22, and more than 830 witnesses took the stand for the prosecution. There were fewer than 50 witnesses for the defense.

Prosecution witnesses, many of them survivors or relatives of victims of the repression, gave accounts of the abduction of victims, followed by torture and death in clandestine centers run by the police and the military.

The five defendants for whom life imprisonment was sought were accused of being ultimately responsible for a combined total of 264 counts of murder, 1,879 counts of kidnapping and 882 counts of torture.

Accusations also include responsibility for dozens of counts of robbery, forgery, extortion, reduction to servitude and other offenses.

Although none of the defendants is accused of direct participation in the crimes, the prosecution, led by Julio Strassera, said they should be held responsible for directing the anti-subversion campaign and that stiff sentences were needed to discourage any future coups and abuse of power.

Both the prosecution and defense will have 10 days in which to appeal to the Supreme Court.

(AP, AP)

State of Siege Lifted

The Argentine government lifted on Monday a nationwide state of siege declared Oct. 25 to combat an alleged effort by extreme rightists to undermine democratic rule, The Associated Press reported.

Interior Minister Antonio Tróccoli said that government officials thought a state of siege was no longer needed because of a decline in the number of bombings, telephone threats and other anti-government acts.



Jorge Videla

Oil Prices Fall After OPEC Shift

By Bob Haggerty
International Herald Tribune

GENEVA — Oil prices fell Monday as much as \$1.25 a barrel as traders reacted to a pledge by the Organization of Petroleum Exporting Countries to seek a "fair share" of the market.

OPEC oil ministers, who ended a three-day meeting here Monday, generally said their countries could no longer cut production to prop up prices. They appeared to hope that the possibility of a price collapse would frighten producers outside OPEC, notably Britain and Norway, into restraining their output.

The organization's new strategy suggests that "the threat of a price war is that much more real," said Christine Baker, an oil analyst at W. Greenwell & Co., a London stockbrokerage. But she and other industry observers questioned whether OPEC would continue to seek higher sales if prices began plunging as a result.

Sheikh Ahmed Zaki Yamani, oil minister of Saudi Arabia, insisted that OPEC was determined to win back customers lost to non-OPEC producers. Asked about the effect on prices, he said: "We are really heading at something unknown. So anything can happen."

Traders appeared jittery over OPEC's new emphasis on defending a share of the market by pricing crude oil competitively rather than trying to defend "official" price levels by cutting output.

North Sea Brent crude for January delivery dropped to about \$26.60 a barrel, compared with \$27.85 Friday and more than \$30 in late November, when supplies were temporarily tight. Brent serves as an indicator of worldwide supply and demand.

On the New York Mercantile Exchange, oil futures prices opened with a drop of \$1, the limit allowed for one day.

OPEC agreed in principle Sunday night on the vague new strategy of maintaining or increasing its market share, which has fallen to about 35 percent of demand in the non-Communist world from 60 percent in 1979.

The group appointed a five-member committee, headed by Venezuela's energy minister, Arturo Hernandez Grisanti, to study ways to carry out the policy. Mr. Hernandez Grisanti was elected president of the OPEC conference, succeeding Indonesia's Subroto.

The crucial question is how much oil OPEC will aim to produce, but ministers said they had made no decision on that matter. A communiqué distributed after the meeting said they had agreed "to secure and defend for OPEC a fair

(Continued on Page 17, Col. 5)



Archie Gumede, left, co-president of the United Democratic Front, South Africa's main multiracial organization, and Mewa Ramgobin, center, a member of the group, congratulate Ismael Mohammed, their lawyer, after treason charges were dismissed against them.

No Victors or Vanquished: Synod's Final Documents Unite All Factions

By E.J. Dionne Jr.
New York Times Service

ROME — If there is a single notion that united all factions at the close of the extraordinary synod of Roman Catholic bishops, it was one of relief.

The relief was bred by an out-

think the church won the synod.

For once, Cardinal Law was on the same track as Bishop James W. Malone of Youngstown, Ohio, the liberal head of the U.S. Conference of Catholic Bishops, who termed the synod "a great success."

Such talk, of course, is to be expected from church leaders who do not like their differences aired in public. Yet both leaders were unquestionably speaking their minds, because each had won something.

Cardinal Law, whose views closely reflect those of Cardinal Joseph Ratzinger of Munich, the head of the Congregation for the Doctrine of the Faith, was happy because the synod had, among other things, endorsed his call for a universal catechism to insure "sound doctrine" throughout the church.

Bishop Malone may have gotten

Bishops Affirm Value of Vatican II

New York Times Service

ROME — Archbishop Jan P. Schotte, general secretary of the Roman Catholic Church's permanent Synod of Bishops, said Monday that the recent extraordinary synod had achieved full consensus on the value of the Second Vatican Council.

The archbishop summed up the final report of the synod, officially released Monday, as having "faithfully reflected the ideas that emerged at the synod."

In the report, the bishops affirm Vatican II and diagnose the difficulties in the church since the council as a combination of internal abuses and external challenges from secularism.

less than he wanted on the legitimacy of local bishops' conferences, but he was something important: an endorsement in the final document of the conferences as "so useful, even necessary."

The legitimacy of national bishops' conferences had become the cornerstone of liberal arguments for diversity in the church, so some positive words on their role became fundamental for the progressives.

Yet it would be a mistake to reduce the synod to the two issues

that became most prominent. For what was at issue over the last two weeks was the meaning of the Second Vatican Council, the most important event for the Roman Catholic Church in the last century.

Vatican II fundamentally changed the way the church conceived of itself and the world outside. It marked at the very least a break with the modern world, and for many Roman Catholics, an opportunity to embrace it.

This would have raised much debate in any event, but the debate was sharpened by the fact that the 20 years since Vatican II ended have been difficult for Roman Catholics. While it was undergoing its own internal revolution, the outside world was changing at least as fast.

The debates created expectations that the synod was never likely to

meet. Cardinal Ratzinger, in a much publicized book, seemed to dismiss the period since Vatican II as a failure. His attack, together with his influence in Rome, suggested to some liberals that the synod would be an occasion for roll-back and retrenchment.

The mere fact that this did not happen is taken by some liberals as victory enough.

Cardinal Ratzinger and Pope John Paul II are indeed seeking more discipline in the church and more uniformity in doctrine. But the sheer size and breadth of a church that counts more than 800 million members around the world will make that task exceedingly difficult.

"For me," one Protestant observer said, "the question is whether the synod is a success or a failure."

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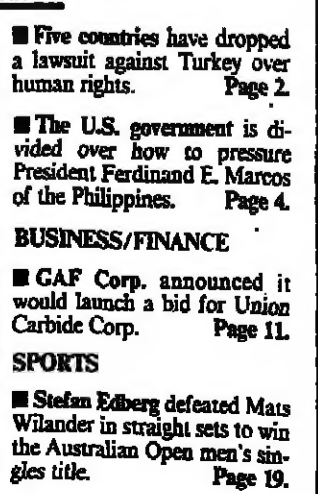
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Mario Vinicio Cerezo, a Christian Democrat, has been elected president of Guatemala. Page 2.

Christian Democrat Gets 68% of Guatemalan Vote

Compiled by Our Staff From Dispatches

GUATEMALA CITY — Mario Vinicio Cerezo, a Christian Democrat, has won a landslide victory in Guatemala's runoff presidential election. His victory comes after more than 30 years of virtually uninterrupted military rule of this Central American country.

Mr. Cerezo, 42, said that with this election his country had "buried the era of stolen elections and coups."

The Supreme Electoral Tribunal said Monday that final results from Sunday's election showed Mr. Cerezo, a lawyer, with 1,133,517 votes, or 68.3 percent. His sole opponent, Jorge Carpio Nicolle, a newspaper publisher who was the candidate of the center-right Union of the National Center, won 524,306 votes, or 31.7 percent.

Mr. Carpio, 53, conceded defeat at his party's headquarters, saying, "We recognize this electoral triumph." He said his party would adopt the role of a "constructive and watchful" opposition.

The two men finished first and second in the first-round election Nov. 3, in which eight candidates competed. No one received a majority, forcing Sunday's runoff.

The new president begins his five-year term on Jan. 14. He will succeed General Oscar Humberto Mejia Victores, the last of five successive military rulers.

The country has been ruled by military or military-dominated governments since a 1954 coup backed by the U.S. Central Intelligence Agency toppled the left-leaning administration of Jacobo Arbenz. Guatemala's last civilian president was Julio César Méndez Montenegro, who held office from 1966 to 1970.

Diplomats and other observers have been skeptical that the Guatemalan military will fully hand over the powers of government to the new civilian president.

General Mejia Victores reiterated Friday that the military had no intention of continuing to exercise political influence. "Armed forces are not designed to govern," he said at a ceremony honoring the Guatemalan Air Force.

But Mr. Cerezo has admitted that the armed forces will continue to wield considerable authority in the country and that the new president will rule only with the military's approval.

"Nobody hands over total power from one day to the next," Mr. Cerezo said.

Mr. Cerezo's main political support comes from the Indians who form more than 60 percent of the population. He was the only candidate to have acknowledged publicly that the Indians have borne the brunt of the political violence.

Human rights activists estimate that in the past 20 years the army and rightist death squads have killed or kidnapped 38,000 people, mostly Mayan Indians who live in Guatemala's central and northern highlands, where a leftist insurgency remains active.

Despite the attention paid abroad to the role of the military here, the new president's major test may be to revive the economy. Mr. Cerezo has promised an "emergency economic program," aimed first at stabilizing the currency. But the business sector is likely to resist tax increases considered necessary to reduce the government's budget deficit. (AP, WP, Reuters)

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This photograph showing Andrei D. Sakharov and his wife, Yelena G. Bonner, was part of a videotape given to representatives of a West German newspaper in Moscow. The film, believed taken with a hidden camera, purportedly shows the Sakharovs in good health, shopping at a food market in Gorki and discussing the recent summit meeting in Geneva.

Sakharov Doing Well, Russians Insist They Say He Is Not in Exile, Enjoys Privileges in Gorki

MOSCOW — Two Soviet officials defended on Monday the treatment of Andrei D. Sakharov, the dissident scientist, saying that he was not in exile but was living a comfortable life in Gorki.

Two senior legal officials answered questions about Mr. Sakharov at a news conference held by the Foreign Ministry to mark World Human Rights Day.

"Academician Sakharov is not in exile," said Samuil I. Ziva, vice president of the Association of Soviet Jurists. "He lives in the large industrial city of Gorki, which could be compared with Detroit or Cleveland."

Gorki is a "closed" city, which means that it cannot be visited by foreigners. Mr. Ziva said that Mr. Sakharov received his academician's salary, enjoyed various privileges and was allowed to publish articles.

Mr. Sakharov was exiled to Gorki in 1980 after criticizing the Soviet intervention in Afghanistan. His wife, Yelena G. Bonner, was sent there in 1984. Gorki is 250 miles (400 kilometers) east of Moscow.

Last week, Mrs. Bonner was allowed to leave the Soviet Union for medical treatment in the West, after her husband had staged a hunger strike.

Bild Zeitung, a West German newspaper, said Monday it had received a videotape from a Soviet source purportedly showing that Mr. Sakharov was in good health.

Mr. Ziva said Mr. Sakharov had been ordered sent to Gorki because of his knowledge of nuclear secrets. Alexander Sukharev, the head of the jurists' association, said that Mr. Sakharov was one of the few Soviet scientists who "encourage confrontation" between nations. Mr. Sukharev, he said, was guilty of actions that would be punished in

the United States and many other Western countries.

Relatives Assail Films

Bild Zeitung said the videotape of Mr. Sakharov had been made with a hidden camera and "leaked" to it in Moscow. The Associated Press reported Monday from Hamburg.

"The Soviets want to prove that Nobel Peace Prize winner Sakharov is not seriously ill," the newspaper said.

On Sunday, Mrs. Bonner saw previously released films of her husband for the first time at her daughter's home in Newton, Massachusetts, relatives said. They said the films had been altered.

"She was very angry," said her son-in-law, Eileen V. Yankelevich. "The films were falsified to show him eating at a time when, in fact, he was on a hunger strike. It was a clever trick."

Gorbachev Quietly Courting Third World Leaders

By Philip Taubman

New York Times Service

MOSCOW — While world attention has been concentrated on how Mikhail S. Gorbachev has tackled relations with the United States, the new Soviet leader has been quietly injecting new vigor into Moscow's contacts with developing countries since he assumed power in March.

"Gorbachev has given a new burst of life, if not creativity, to Soviet foreign policy in the Third World," a Western diplomat said after the visit here last week of Zimbabwe's prime minister, Robert Mugabe.

Mr. Mugabe, who is scheduled to become the leader of the Non-Aligned Movement next year, was the latest in a growing list of Third World leaders to meet with Mr. Gorbachev.

Potentially, the most important development in Soviet ties with developing nations may be a gradual improvement in relations with China. But Soviet officials and Western diplomats say this process will take many years and is likely to be slowed by Soviet doubts about Beijing's adoption of Western-style economic practices.

In the meantime, Mr. Gorbachev has welcomed Rajiv Gandhi of India, who came here twice, Colonel Moamer Qadhafi of Libya, Mengistu Haile Mariam of Ethiopia,

Hafez al-Assad of Syria, Didier Ratsiraka of Madagascar, Le Duan of Vietnam, Kayumov Phomvihane of Laos and Daniel Ortega Saavedra of Nicaragua.

Some are longtime Soviet allies.

The changes in Mr. Gorbachev's approach toward the Third World, like those in other policy areas, have been mainly a matter of style and intensity, Western diplomats say.

With them, Moscow has been arranging new arms sales and shoring up relations, which were somewhat neglected during the years when the Kremlin leadership changed from Leonid I. Brezhnev to Yuri V. Andropov to Konstantin U. Chernenko to Mr. Gorbachev.

Syria and Ethiopia, for example, are important allies in the Middle East and Africa. Laos and Vietnam are considered members of the Soviet bloc.

But Mr. Gorbachev also has been forging new relationships. In the Gulf, Moscow established diplomatic relations in October with Oman, a country that Washington has courted intensively because of its strategic location beside the Strait of Hormuz.

Diplomatic relations also were opened last month with the United Arab Emirates. Trade with Saudi Arabia, which has no formal rela-

tions with Moscow, increased 16 percent in the first half of 1985, to \$235 million.

These steps, while limited, are preparing the way for long-range efforts to expand Soviet influence

in the Gulf region, diplomats believe. They said that as long as Soviet troops remained in Afghanistan, an intensely Islamic country, Moslem leaders were likely to be hostile toward the Soviet Union.

Mr. Gorbachev also must walk a careful line in the Iran-Iraq war. Soviet aid to Iraq has been increasing, but Moscow has tried to stay on good terms with Iran.

The Soviet presence in Afghanistan also affects relations with India. Prime Minister Gandhi has avoided criticizing the Soviet military involvement there but has called for returning Afghanistan to nonaligned status.

The Indian leader received trade and investment credits totaling \$1.5 billion when he visited Moscow in May. But he also has improved his relations with Washington. Mr. Gorbachev has agreed to visit India, probably next year.

In 1981 elections for the previous 35-seat house, the Communists took 33 percent of the vote and the rightists 32 percent for 12 seats each, the Democratic Party 19.5 percent for eight seats and the Socialists 8 percent for three seats.

Under Cyprus's presidential system, Mr. Kyprianou's actions are not bound by a house majority. But the rightists and Communists had combined to bring on the general election on the issue of whether the president or a parliamentary majority should decide the future of the divided island.

The rightists and Communists had hoped to win a two-thirds majority in Sunday's election, which they said would enable them to force a presidential election ahead of the balloting due in 1988.

Mr. Kyprianou has refused to resign, saying he would serve his full term.

An additional 24 seats are reserved in the house for Turkish Cypriots. But they set up their own state in 1963 after communal fighting with Greek Cypriots. The state known as the Turkish Republic of Northern Cyprus, is recognized only by Turkey.

French Official Visits Israel

Agence France Presse

TEE. ATIV — Roland Dumas, the French minister for external relations, arrived here Monday for two days of talks with Israeli officials. The talks are expected to focus on issues involving the Middle East and the European Community.

Mr. Mitterrand said that, although the East-West dialogue could be "interrupted," it could never be broken off altogether.

5 Countries End Lawsuit On Rights In Turkey

The Associated Press

STRASBOURG, France — Five West European countries that brought Turkey before the European Court of Human Rights have agreed to drop the case following Ankara's promise to speed up its return to democracy, the European Commission for Human Rights announced Monday.

The settlement ends more than three years of litigation on charges of torture of political prisoners and other violations of the European Convention of Human Rights.

Observers here said it appeared to mark a substantial victory for the government of Prime Minister Turgut Ozal.

The five plaintiffs are France, Denmark, the Netherlands, Norway and Sweden. They agreed to the settlement when they were assured that the Turkish authorities would redouble their efforts to stop the torture and would lift martial law. Mr. Ozal said in April that martial law would be lifted throughout the country "within 18 months."

The Turkish government agreed that the State Supervisory Council, a body set up to investigate the allegations of torture, "will be instructed to have special regard to the strict observance by all public authorities," including the military, of the convention's provision prohibiting the mistreatment of prisoners, it said.

Turkey agreed to submit progress reports every three months and to allow members of the European human rights body to conduct on-scene investigations.

The litigation, which was initiated in July 1982, was a stigma preventing Turkey's full admission into the fold of European democracies even after its November 1983 parliamentary elections, which ended three years of military rule.

The 21-nation Council of Europe, although admitting Turkey's parliamentarians into its assembly, has been highly critical of human rights abuses.

WORLD BRIEFS

UN Unanimously Censures Terrorism

UNITED NATIONS (AP) — The United Nations closed ranks Monday on one of the most divisive issues facing it and unanimously adopted a resolution condemning all acts of terrorism as criminal.

The U.S. representative, Vernon A. Walters, hailed the action, taken without a formal vote by the 159 members of the General Assembly, as "a symbol of new times." The text denounced "acts of international terrorism in all its forms which endanger or take innocent lives, jeopardize fundamental freedoms and seriously impair the dignity of human beings."

Cuba, the sole dissenter when the General Assembly's legal committee adopted the resolution Friday by a 118-1 vote, shifted its position and joined the consensus at Monday's plenary meeting. Israel, which had abstained in committee along with Burkina Faso, also supported it.

U.S. Holds 3 Ghanaians in Arms Case

NEWARK, New Jersey (AP) — U.S. customs agents have arrested three Ghanaian citizens on charges they conspired to buy missiles, anti-aircraft guns and other weapons to arm a 100-member group in the West African country.

The three men, arrested after a four-month investigation, were identified as Joseph Henry Mensah, 67; John Andrews Boateng, 44; and Kwasi John Baidoo, 40.

Mr. Mensah, an economic consultant, carried a document identifying him as a member of the Ghana Democratic Movement, and investigators said the weapons apparently were earmarked for that group.



Maria Rosa Echeverri after her rescue in Armero.

Woman, 75, Rescued in Colombia

BOGOTA (Reuters) — A woman of 75 has been rescued from the devastated Colombian town of Armero more than three weeks after the Nov. 13 volcanic eruption that killed about 23,000 people, the city's appointed mayor said Monday.

Major Rafael Ruiz Navarro of the Colombian Army said that Maria Rosa Echeverri was found last weekend in her shack of corrugated metal. She survived on provisions acquired just before the eruption. When Red Cross workers found her, she was cooking her last portion of rice, with hot chocolate.

Major Ruiz Navarro said that Mrs. Echeverri's poor eyesight was probably the reason she never found a passage across the sea of mud that buried Armero.

Guyana Holds Parliamentary Vote

GEORGETOWN, Guyana (AP) — Residents of Guyana voted Monday in what President Desmond Hoyte promised would be "free and fair" elections, but opposition candidates accused the government of planning massive ballot rigging.

Voters were electing 53 members to the National Assembly, a unicameral parliament. Mr. Hoyte's socialist People's National Congress party held 41 seats in the outgoing assembly, compared to 10 for the People's Progressive Party and two for the conservative United Force.

Cheddi Jagan, 67, who heads the pro-Moscow Progressive Party, accused the government of manipulating the list of 372,708 eligible voters. He demanded that ballot boxes be opened and counted at the polling stations instead of being moved to 10 regional counting stations established by the Election Commission, on which all three parties are represented.

Doctors Protest Abductions in Beirut

BEIRUT (AP) — The police searched Monday for two prominent Christians, one a physician at the American University Hospital, who were abducted in Moslem West Beirut, as doctors demonstrated to protest the seizures.

It was the first protest march by physicians in the Lebanese capital after months of sectarian abductions, bank holdups and car bombings. About 150 doctors walked from the hospital compound to Prime Minister Rashid Karami's office.

Three representatives met with Mr. Karami and demanded government action to secure the safe release of Dr. Munir Shammas, the head of the hospital's abdominal department, and Joseph Salameh, a prominent businessman.

8 Israelis Killed in Fire at Army Base

JERUSALEM (WP) — Eight Israeli soldiers were killed and seven others injured when a bunker in an army base in the occupied West Bank erupted in flames early Monday, the army command said.

A Syrian-based Palestinian guerrilla group, the Democratic Front for the Liberation of Palestine, claimed responsibility for the fire, saying its men infiltrated the base and planted incendiary charges. However, the Israeli Army command said Monday that while it is not ruling out the possibility of sabotage, an initial investigation showed that the fire appeared to have started accidentally.

The fire occurred at a small base adjacent to a Jewish settlement at Shilo, midway between Jerusalem and Nabulus. An army spokesman said that no explosion was heard before the fire was discovered in the wood and aluminum portable structure. He said the victims were all in sleeping bags, and could have suffocated quickly before help arrived.

Chinese Students Call Off Protests

BEIJING (Reuters) — Chinese students backed down from staging demonstrations Monday after weeks of official pressure, as authorities admitted that economic reforms had caused alarming price rises and public discontent.

Student sources said they had called off rallies planned for Beijing and the central city of Xian that were intended to mark the 50th anniversary of protests against invading Japanese forces. Chinese students have held at least three unsanctioned demonstrations since September, mixing anti-Japanese slogans with criticism of rising prices and other problems arising from economic reforms.

The Beijing Review said Monday that the economic reforms had sent food prices up, sometimes to alarming degrees.

For the Record

Pakistani troops put down a revolt by Pushtun tribesmen in the Khyber Pass last week. President Mohammed Zia ul-Haq said Monday. He said the Afghan-backed tribesmen, accused of arms and drug trading, had been "removed" by force in three days of fighting.

China, which established diplomatic relations with Nicaragua on Saturday, announced Monday that it will provide that nation with interest-free loans to be used for "projects, equipment and materials" agreed upon by both governments.

Brussels police evacuated about 3,000 people Monday from a major shopping center, after they received three telephone calls warning of an imminent bomb explosion. No bomb was found. (APF)

Correction

A minority Social Democratic government led by Anibal Cavaco Silva took office in Portugal in November. Because of an editing error, a Dec. 6 article about the Lisbon bourse said erroneously that Mario Soares was still prime minister.

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Study Sees Tight Budget Hurting U.S. Defenses Soon

By Richard Halloran
New York Times Service

WASHINGTON — Constraints on Pentagon spending for the next five years may reduce the conventional military capabilities of the United States by one quarter to one third, according to a new analysis by Georgetown University's Center for Strategic and International Studies.

The study, carried out over the past year by a group of retired senior military officers and civilian specialists on military matters, contends that "the United States may have reached a crossroads in determining the future quality and quantity of its military capabilities."

The researchers saw two different consequences for nonmilitary forces that would come from capping the growth in military spending. One would be to reduce readiness, a term that includes training, ammunition stocks, fuel and other supplies. The other would be to cut forces, currently at 2.2 million in uniform and 1 million civilians in support positions.

"The more likely tendency, should defense spending be constrained, will be to retain force structures and decrease readiness," the study says. The consequence, it says, would be "a hollow force" with "reduced operational capability."

This capability reflects four factors: the size of the force, the quality of its training, its ability to sustain battle in the field, and the modernity of its weaponry.

Measuring some of these factors relies on judgment rather than mathematical certainty, although a criterion such as the quality of training can be estimated by testing the troops.

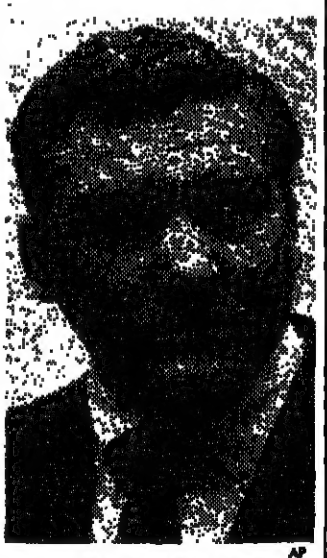
The researchers assumed that military spending would rise not more than 1.5 percent a year in addition to an increase for inflation. "Barring a major foreign policy crisis or a Soviet blunder," the study says, "defense spending over the next several years could be limited to little or no real annual growth."

The military budget for the fiscal year 1986 has not passed Congress. The Senate version provides an increase for inflation over the 1985 level, while the House version holds military spending to its 1985 level, with no allowance for inflation.

In the face of the \$200-billion budget deficit currently projected, few members of Congress will vote for the sort of steady rises in military spending that occurred over the past five years, a period in which spending went up about 50 percent on top of inflation.

At the same time, the Georgetown center's study says, large sums will be needed to finance the Reagan administration's plan to modernize nuclear forces and to develop a high-technology shield against Soviet missiles.

In addition, the pool of young men and women of military age will continue to shrink into the 1990s, the study says, making it harder to recruit for the service. If military pay lags behind that in civilian life, recruiting would become even more difficult.



Conrad Black

Canadian Taking Control of London Daily Telegraph

Agence France-Presse
LONDON — The Berry family, which owns the Daily Telegraph, confirmed on Monday speculation that the Canadian multimillionaire Conrad Black was taking control of the daily.

Nicholas Berry, the owner's son, expressed regret at the decision. "There were other alternatives which were more attractive," he said. His father, Lord Hartwell, 74, will remain as director and editor in chief.

Mr. Black, 41, heads a chain of 18 daily and weekly papers in western Canada. He bought a 14-percent stake in the Daily Telegraph in June. Reports said the Telegraph group's board agreed Friday on a £20-million (\$29.4-million) package that would give Mr. Black a 51-percent stake.

Mr. Black also heads a holding company, Ravelston Corp., and is on the board of a dozen companies. The Telegraph, which has a circulation of 1.2 million, has lost readers to the rival "quality" The Times and the Guardian, which now sell about 500,000 copies each.

Carbon's Quiet Revolution: Fibers Strengthen Tools, Trucks, Tennis Rackets

By Malcolm W. Browne
New York Times Service

NEW YORK — Carbon may smudge our collars with soot, but it also powers the world with coal, lubricates industry's bearings with graphite and, in one of its purest forms, adorns brides with diamonds.

And now, it seems, carbon is succeeding stone, bronze and iron as the pre-eminent stuff of man's implements and weapons.

The transition has been gradual. A few decades ago, few people would have guessed that airplanes, trucks, high-speed flywheels, deep-diving ocean submarines, missiles, tennis rackets and much more would one day be made of carbon filaments thinner than human hairs.

The infant technology that in 1979 enabled a man's unaided leg muscles to power a full-sized airplane, the Gossamer Albatross, across the English Channel has spread far and wide, promising to change the very character of "heavy" industry.

Some cases in point: Ford Motor Co. is making 10,000 vans equipped with drive shafts made from carbon and glass fiber. Bays may have to pay premium prices, but the new drive shafts are said to

be stronger, 50 percent lighter and more resistant to corrosion and wear than their steel counterparts.

Meanwhile, Boeing Co. is under contract to replace the aging metal wings of the navy's A-6 electronic

airplanes made of graphite, a class of carbon fiber.

The subtle complexities of composite material, a class that includes substances based on carbon fiber, have spawned a new academic

and it revolutionized the textile industry.

But it was only two decades ago that rayon emerged from the clothing mills and took to the air. In 1968 an F-5 fighter became the first aircraft to fly on carbon fiber; its metal wing tips had been replaced by a light and strong carbon-fiber composite material partly made from rayon.

The trick that made that flight possible involved the roasting of rayon fiber at a very high temperature in the absence of oxygen. This heat treatment, called pyrolysis, served to drive away some of the atoms making up the rayon molecule, leaving only the molecule's long spine of nearly pure carbon.

If left unsupported, the spine was brittle and stiff. But when embedded in a polymer, it endowed the resulting material with immense strength.

Polymers, some of which are the main ingredients of plastics, consist of long molecular chains of identical links, each of which is usually some simple carbon compound.

Chemists had earlier developed a family of polymers called synthetic polyether resins, or epoxies, in which carbon, oxygen and several other elements are strung together in interlocking structures like chain-link fences. Strong in themselves, epoxies provided an excel-

lent base for many kinds of reinforcing fibers—glass fibers at first, and later fibers of carbon, boron, sapphire and various polymers and ceramics.

One disadvantage in making things out of carbon fiber is that the techniques require skilled labor and are therefore expensive. The price of carbon fiber varies from about \$18 to \$30 a pound, depending on its use.

Whether the fibers used to reinforce a machine part are laid collectively in the form of tape or wound as single filaments, they must be carefully aligned to counter the stresses the part will have to withstand. The accurate positioning of hundreds of thousands of individual filaments within a part is difficult but essential, and up to now much of this work has been under human control.

Computer-controlled robots have begun to take over, however, and some of the latest machines can precisely wind filaments around even the most complex curves and stress points.

Carbon probably will never supplant metal as the bone and sinew of man's implements. But the day may not be very far off when metal products, from cars to cranes, begin to join the mechanical adding machine and the electronic vacuum tube in the museums of obsolete technology.

warfare planes with wings of carbon fiber. The material also is going into parts for F-16 and F-18 fighters, Boeing 757 and 767 airliners and many other planes.

According to Hercules Aerospace Co., the largest producer of carbon fiber, U.S. output of the material, now nearly three million pounds (1.4 million kilograms) a year, is growing by about 25 percent annually, thanks in large part to burgeoning orders from the makers of aircraft, missiles and space vehicles.

One of the pioneering uses of carbon fiber has been in sports equipment. Those who can afford top-of-the-line gear buy skis, tennis rackets, golf clubs, bicycles and

ice field awarding degrees in "materials science."

Arene though the technical details may be, the underlying principle of fiber technology is at least as old as the fasces, the Roman symbol of authority: a bundle of wooden rods bound together for collective strength.

Progress in carbon-fiber technology may seem rapid now, but a century has passed since the invention that opened the way. In the mid-1880s, scientists in Europe discovered a practical way to liquefy, spin and harden cellulose, which is derived from wood, into a strong, continuous filament. The result, known as rayon, was the first commercially useful synthetic fiber,

and it revolutionized the textile industry.

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Computer-controlled robots have begun to take over, however, and some of the latest machines can precisely wind filaments around even the most complex curves and stress points.

Experimental Cancer Treatment Kills U.S. Patient

By Philip M. Boffey
New York Times Service

WASHINGTON — A new experimental cancer treatment that generated widespread publicity and enthusiasm when it was announced last week has killed one of the patients receiving it, the National Cancer Institute's chief of surgery said.

The death occurred weeks before the announcement last Wednesday that the new treatment, involving use of a natural substance, interleukin-2, to stimulate the body's immune system against cancer, had achieved promising results in 11 of the first 25 patients treated.

Although all those receiving the drug were in the advanced stages of cancer, the patient who died was not one of those first 25 and thus was not mentioned in the initial scientific report and news release concerning the new treatment, according to Dr. Steven A. Rosenberg, Dr. Rosenberg is chief surgeon at the cancer institute and



Dr. Steven A. Rosenberg

head of the research team that has developed the new therapy. He spoke in a telephone interview after his revelation Sunday

morning, on a television interview program, that one patient had died from the new treatment. His remarks on that program made the toxic side effects from the new therapy seem potentially more severe than most early reports had indicated.

However, the occurrence of toxic side effects does not mean that the new therapy will be of no value. All of the major cancer treatments currently in wide use, including surgery, radiation and potent drugs, have adverse side effects that harm some patients.

The four-page news release on the new interleukin-2 treatment devoted only one paragraph to side effects. It mentioned transient chills and fever, and, more significantly, fluid retention that caused substantial weight gain in 16 of the first 25 patients and "mild breathing difficulties in 20 patients." The adverse side effects, the news release said, disappeared promptly in all 25 patients when the treatment stopped.

On Sunday, Dr. Rosenberg used stronger language in describing the toxicity to television viewers. He said that "the side effects could be quite severe." Some patients gain up to 20 or 30 pounds (about nine to 14 kilograms) of fluid in the first two or three weeks of therapy, he said, and that can lead to shortness of breath and dysfunction of the kidneys and liver.

Subsequent to the first group of 25 patients, he added, the doctors have "even seen one death due to the treatment itself." He called this "a death that can be attributed to the treatment."

The patient who died was suffering from melanoma, a lethal form of skin cancer, that had spread widely throughout the body, reaching the lung, kidneys, liver, lymph nodes and "almost every organ," Dr. Rosenberg said.

Dr. Rosenberg said he thinks that the patient probably died from a combination of the side effects of the therapy and the advanced state of his cancer.

But he called it "hard to pinpoint" the cause of death. "You start with a lot of toxicity due to cancer," the doctor said, "and it's pretty hard to distinguish what is due to treatment and what is due to the cancer."

Israeli Minister Visits U.S. to Discuss Spy Case

Washington Post Service

JERUSALEM — Moshe Arens, a cabinet minister and Israel's former ambassador to the United States, has returned home following an unpublicized visit to Washington, Israeli radio and State Department officials reported.

Mr. Arens, a minister-without-portfolio, met Sunday night with Prime Minister Shimon Peres, Foreign Minister Yitzhak Shamir and Defense Minister Yitzhak Rabin to discuss the case of Jonathan Jay Pollard, Mr. Pollard, a former civilian intelligence analyst for the U.S. Navy, was arrested on Nov. 21 after attempting to gain asylum in the Israeli Embassy in Washington.

Mr. Arens refused to answer reporters' questions upon his return Sunday, and, aides to Mr. Peres would not discuss details of his mission to Washington or of Sunday night's meeting.

Official sources said the purpose of Mr. Arens's trip was to establish the limits of "interviews" that a team of U.S. Justice Department investigators will conduct here this week. They are to interview Ilan Ravid and Yosef Yagur, two Israeli diplomats recalled from the United States last month, and Rafi Eitan, a former adviser on counterterrorism to Mr. Peres and former Prime Minister Menachem Begin.

Mr. Eitan, a former operations chief of Israel's external intelligence service, Mossad, reportedly was the senior Israeli official involved in recruiting Mr. Pollard and controlling his alleged espionage activities.

The U.S. investigating team, headed by the State Department's legal adviser, Abraham D. Sofaer, probably would arrive in Israel on Tuesday and begin their interviews on Wednesday, the sources said.

U.S. Paper Halts Publication

United Press International
ST. LOUIS, Missouri — The St. Louis Globe-Democrat has suspended publication indefinitely following a decision by a federal bankruptcy court to appoint a trustee to manage the finances of the newspaper.

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U.S. Is Divided on How to Press Marcos

By David B. Ottaway
Washington Post Service

WASHINGTON — The U.S. government, after months of surprising unanimity in pressuring President Ferdinand E. Marcos to reform, finds itself increasingly divided over what actions — including proposed cuts in military aid to the Philippines — are needed to give bite to the U.S. bark.

The policy dilemma came to a head last week with the reinstatement Dec. 2 of General Fabian C. Ver as chief of the Philippine armed forces and a subsequent move by the U.S. House of Representatives to cut military aid to Manila from the \$100 million requested by the Reagan administration to \$25 million.

General Ver and 24 other military men, along with one civilian, were acquitted of involvement in the 1983 murder of Benigno S. Aquino Jr., the opposition leader, despite considerable evidence of their complicity.

The return of General Ver, a Marcos confidant, to his post at the head of the Philippine military appeared to dash U.S. hopes for serious reforms and further strained Mr. Marcos's relations with the United States.

The policy test now confronting the Reagan administration appears

to foreshadow a more serious battle if Mr. Marcos wins the Feb. 7 presidential election. Many officials here think that a re-elected Mr. Marcos could make things uncomfortable for the White House by demanding continued U.S. support as compensation for having headed Washington's request for Philippine elections.

In the past year, there has been a remarkable consensus in the administration and Congress about pressuring Mr. Marcos with tough public rhetoric and visits by presidential emissaries, including Senator Paul Laxalt, a Nevada Republican, to make economic and political reforms.

But there are signs that this consensus is about to unravel over the issue of whether the United States should use its considerable economic and military aid as leverage. The Defense Department opposes such a course as being contrary to American interests in regarding the spread of the Philippine Communist insurgency.

The Senate is likely to approve this week \$70 million of the administration's \$100-million military aid request. Because the House last week slashed the request by 75 percent, a House-Senate conference will seek a compromise. It appears certain that the final figure will be far less than the original adminis-

tration request and will cause immediate contention between Manila and Washington.

Representative Stephen J. Solarz, the chairman of the House Asian and Pacific subcommittee, originally proposed the aid cut to \$25 million. Mr. Solarz, a Democrat of New York, says he thinks that such punitive action is demanded by General Ver's reinstatement and evidence in an unpublished General Accounting Office report that the Marcos government had wasted more than \$100 million in U.S. military aid.

The U.S. dilemma is complicated not only by the Communist insurgency but by the importance to the Pentagon of Clark Air Base and Subic Bay Naval Base in the Philippines, the two largest U.S. defense installations abroad.

The assistant defense secretary for international security affairs, Richard L. Armitage, told a House committee Nov. 12 that there were "tragic flaws" in the policy of using U.S. security assistance as leverage to force military reform.

"There can be no doubt that the outcome of an aid reduction, or its elimination, would decrease our influence within the Philippine military establishment and severely limit Manila's ability to fight the rebels," he said.

In addition to a \$900-million,

five-year package of economic and military aid tied to the U.S.-Philippine base agreement, Washington this year is providing \$38 million in development assistance and \$50 million in food aid to the Philippines.

A Senate staff report dated Oct. 31 cited General Ver as an example of the conundrum facing Washington. General Ver, the report said, is a strong anti-Communist "who sees himself as a proven friend of the United States."

But he also has been Mr. Marcos's "major instrument" in politicizing the Philippine armed forces and making "loyalty to the president rather than professional competence" the criterion for promotion, the report said.

Ver May Be Retired

President Marcos said Monday that General Ver may be retired before the Feb. 7 election, but added that General Ver had requested that "he finish his mission before he goes." The Associated Press reported from Manila.

Mr. Marcos said in an interview with the Japanese television network NHK that General Ver, along with the major service commanders of the armed forces and 29 other generals, had indicated a willingness to be retired, a palace news release said.



The Philippine information minister, Gregorio Cendana, sorting through posters with campaign workers for President Ferdinand E. Marcos. A convention of the ruling New Society Movement party is scheduled to begin Wednesday.

Laurel Files in Manila, Says Marcos Can Be Beat

By William Branigan
Washington Post Service

MANILA — The opposition leader, Salvador H. Laurel, filed a formal certificate of candidacy Monday to run for president and said there would be "no more backing out" in favor of a rival challenger, Corason C. Aquino.

The development occurred as President Ferdinand E. Marcos pondered a list of seven potential running mates for his own re-election bid in February. According to presidential palace sources, Mr. Marcos's wife, Imelda, has been promoting her own candidacy behind the scenes despite denials that she seeks the vice presidency.

However, the sources said, she is not among those being considered by Mr. Marcos as his ruling New Society Movement party prepares to hold a convention Wednesday to proclaim his formal candidacy for re-election to a fourth term.

Mr. Laurel became the first major opposition figure officially to enter the presidential race when he went Monday to the Commission on Elections to file his candidacy.

"It's now final," he said as he completed the formalities. "There is no more backing out. From now on it's all systems go for Unido."

He referred to his political party, the United Nationalist Democratic Organization.

Mr. Laurel's move increased the prospect that the fractious opposition would field two candidates against Mr. Marcos. But Mr. Laurel predicted he could still win, though he conceded that "it would be much harder" than if the opposition fielded a single ticket.

"I am not fazed by the fact there may be two opposition candidates," he said. He predicted that Mr. Marcos would get only 20 percent of the vote, leaving 80 percent for the opposition.

Mr. Laurel said he thought Mr. Marcos would let the election "go through if he believes he can cheat to win. If not, he may find a way to cancel the election." The vote is set for Feb. 7, more than a year before Mr. Marcos's term expires.

Some opposition figures believe that Mr. Laurel may be playing into Mr. Marcos's hands with his apparent determination to fulfill a long-held ambition and run for president.

"He just committed political suicide," said an opposition legislator, Homobono Adaza.

"I don't think he has any chance. He's just deluding himself."

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

IN RE NORTH ATLANTIC AIR TRAVEL ANTITRUST LITIGATION

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The Settlement Administrator
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Mubarak Asserts PLO Must Have Peace Process Role

By Michael Getler
and Christopher Dickey
Washington Post Service

CAIRO — President Hosni Mubarak has strongly endorsed the need for a major role by the Palestine Liberation Organization in the Middle East peace process and criticized the United States for attempting to weaken it.

"The PLO is the sole representative of the Palestinians, whether we like it or not," the Egyptian leader said Sunday.

"You in America can't understand, really, what we mean," he said of his motives for backing the PLO chairman, Yasser Arafat.

"Trying to solve the problem and at the same time trying to ignore the PLO — this will never lead to a comprehensive peace," he added.

In an interview, Mr. Mubarak said that U.S. attempts to water down Palestinian representation on a joint Jordanian-Palestinian negotiating team had gone too far and wasted more than six months in a crucial period when "time is slipping away."

"That's why we should do something in the very near future so as to

keep the momentum of the peace process going," Mr. Mubarak warned. "Otherwise we are going to lose everything."

He praised what he called the "flexibility" of Prime Minister Shimon Peres of Israel and suggested that all that now blocked a possible meeting between the two countries was a border dispute over a small piece of land at Tabas on the Gulf of Aqaba.

Other issues that have contributed to the "cold peace" between the two countries now are largely resolved, Mr. Mubarak said.

The withdrawal of Israeli troops from Lebanon "is nearly finished," Mr. Mubarak said, adding that "Peres has shown very good flexibility" in attempting to improve the quality of life in the occupied territories. "He is doing his best, really. The only thing is Tabas."

In his first interview with a U.S. news organization since the hijacking of an EgyptAir jetliner to Malta last month, and the assault by Egyptian commandos that ultimately cost the lives of 58 persons, Mr. Mubarak touched on a wide range of issues related to that disaster, and to his complex but close ties with the United States.

He said he had "very strong suspicions" that the Libyan leader, Colonel Moamer Qadhafi, was behind the hijacking, and confirmed that there had been a state of alert and a reinforcement of air bases near the Libyan border. But he ruled out any main-force attack on Libya.

"I'm not going to punish the Libyan people because of such an incident done by a single man, Qadhafi," Mr. Mubarak said. "I'll never do it. I'm a man of peace. I have nothing against the Libyan people."

He defended his decision to storm the EgyptAir jet in Malta, saying, "We used force when we found no way out."

"I thought initially that there would be a dialogue with the hijackers," Mr. Mubarak said.

He denied reports that the explosive charges used by the commandos to enter the plane were responsible for the fire and smoke that killed most of its occupants.

Mr. Mubarak said that U.S. indignation at the way he handled the negotiations to end the hijacking of

the Achille Lauro cruise ship in October played no part in his decision to attack the plane in Malta.

He had incurred American wrath in the first case for allegedly being soft on terrorism when he attempted to hand the hijackers over to the PLO for trial.

At one point he said of the hijacking of the EgyptAir plane: "If Egypt didn't use force, and the hijackers were killing the people, you would accuse Egypt. When we use force, still you are accusing Egypt. It's all very strange, really."

Mr. Mubarak also denied that a joint appearance with Mr. Arafat last month to issue a "Cairo Declaration" was an attempt by him to embrace the PLO leader in the hope of recapturing wider standing for Egypt within the Arab world.

"That's an unfair comment," he said.

In the declaration, Mr. Arafat renounced terrorism and pledged not to carry out attacks outside what he loosely defined as "the occupied territories." Subsequent PLO statements have indicated that this still allows attacks inside Israel's pre-1967 borders.

Mr. Mubarak said he also discussed with Mr. Arafat acceptance of the two United Nations Security Council resolutions, 242 and 338, that effectively recognize Israel's right to exist.

"But we didn't put any pressure on him to agree on it here," he said.

Mr. Mubarak said his relations with the Reagan administration were generally good, "but we would like the United States to make much more of an effort."

"The United States is a main participant," he said. "They could play a pivotal role" in persuading all sides, including Israel, "just to help."

Mr. Mubarak said that other sensitive points in ties with Washington, including the seizure by U.S. Navy jets of an Egyptian plane carrying the Achille Lauro hijackers, have been largely put behind them.

He said the two countries had "good cooperation" in dealing with terrorism. Mr. Mubarak said members of the U.S. Delta Force commando team "were ready to help, of course," but the Egyptians did not ask for such assistance.

Israel Frees 2 Jews in Shrine Plot

By Thomas L. Friedman
New York Times Service

JERUSALEM — President Chaim Herzog of Israel has commuted the prison sentences of two members of the Jewish terrorist underground who had been convicted of plotting to blow up one of Israel's holiest shrines, his office said.

The commutations were announced Sunday as the Knesset prepared to debate a proposal by a group of religious parties to pardon the 17 Jewish extremists still serving prison terms for crimes ranging from murdering Arab schoolboys to illegally transporting weapons.

The bill was scheduled to receive a first hearing on Monday, and Prime Minister Shimon Peres was expected to come under heavy pressure from the religious parties

— whose backing is critical for his political future — to support it.

The prisoners freed by Mr. Herzog are Dan Beeri, 41, and Yosef Tzadka, 26, who were serving three-year terms for involvement in a plot to blow up the Dome of the Rock.

The building is situated on the Temple Mount in the Old City of Jerusalem. It was built around an outcropping of bedrock from which Muslims believe that the prophet Mohammed ascended into heaven.

According to the court, the extremists' plan was to blow up the Islamic holy place to provoke the Moslem world into a cataclysmic holy war with Israel that would force the Messiah to intervene.

The two would have been eligible for release in April, after two-thirds of their three-year sentences. Israeli prisoners normally are given a one-third reduction in sentencing for good behavior.

Political commentators speculated that Mr. Herzog might be commuting the sentences of some of the more insignificant members of the

Jewish underground in order to strengthen his hand for rejecting the amnesty appeals of the ring's leadership. The president has been under constant pressure from rightist parties to pardon the whole group.

In September the sentence of Uri Meir, who had been convicted of involvement in car bombings that killed two West Bank Arab mayors in 1980, was commuted six months before the end of a 30-month term. His health was believed to be the reason.

Five other members of the Jewish terrorist group, most of whom were sentenced last July 21, have completed their prison terms.

Three of those still in prison are serving life sentences for murder, while others are serving from seven years to only a few months for lesser crimes. Proponents of amnesty for all the extremists argue that the men have expressed their regret and that the Jews' killing of Arabs was a response to the killing of Jews by Arabs.

No Victors or Vanquished: Synod Unites All Factions

(Continued from Page 1)

er there is or can be any real leadership in the Catholic Church."

The Vatican takes an entirely different view. If the synod comes out better than liberals feared it might, that is only because their fears were groundless, Vatican officials said.

Moreover, if the synod was a demonstration of diversity, its members seemed to be trying hard to move toward some consensus, to avoid debilitating divisions.

That consensus is contained in a final report that at times seems to shift within two sentences from one tendency in the debate to the other.

For example, it praises pluralism, but warns against forms of pluralism that move "to dissolution and destruction" and can lead "to a loss of identity." It praises the good work of theologians, but warns that some theological discussions "have brought about confusion among the Christian faithful."

On the thorny questions raised by the theology of liberation, it declares that "the church must in a prophetic way denounce all forms of poverty and oppression." But it notes that the church cannot separate its concern about injustices in this world from its overriding spiritual goals that relate to the next world.

The document clearly criticizes "a partial and selective reading" of Vatican II and a "superficial interpretation of its doctrine."

And it includes a passage that goes to the heart of conservative arguments about the church, criticizing those who would see Roman

Catholicism "as a mere institutional structure, devoid of its mystery."

Since those who are called liberal in some ways agree with the conservative critique on many points, these passages might not seem too high a price to pay for a firm endorsement of Vatican II.

And the very fact that John Paul agreed to publish the summary report was a victory for those who want to see the bishops play a stronger role and have a voice of their own.

Yet as one of the pope's aides pointed out, it was not difficult for John Paul to publish the document, since he essentially agreed with its approach.

Here may lie the clearest clue to who won the synod. All along, the pope said he was seeking a celebration of Vatican II, not partisan wrangling. A sharply divided meeting could only weaken John Paul's position; a happy end suggested a search for a kind of synthesis that the pope himself has been seeking, and left him without a major bloc of challengers.

Above all, and in contrast with many of the partisans, John Paul sought to take a mystical view of Vatican II and of the church. This often leads him in directions that seem to be — and often are — conservative.

But his papacy is, more than anything, an attempt to assert the primacy of the spiritual over the material: in an increasingly secular world.

If there is any theme that permeates the synod's statement, it is this one.



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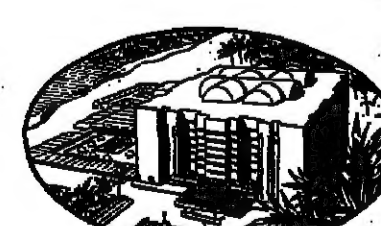
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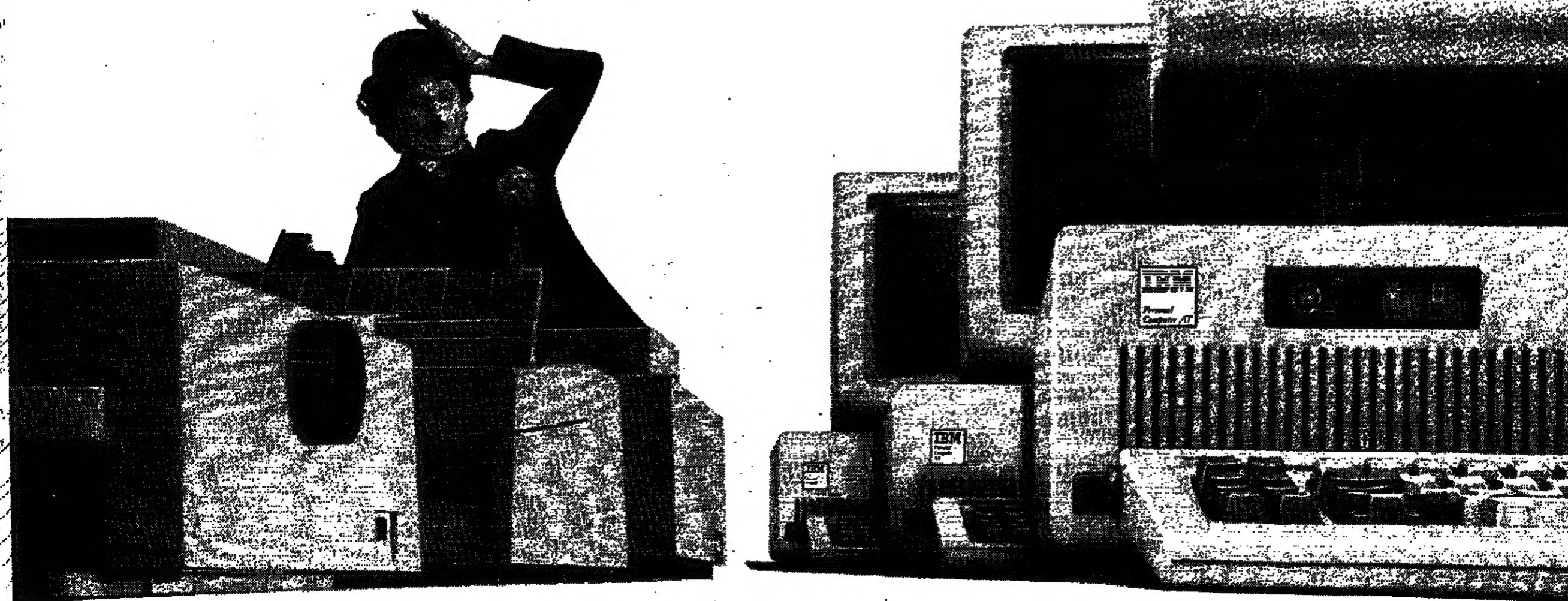
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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

The Business of Norms

In 1952 the American Psychiatric Association first published a manual classifying and describing mental disorders. It has since been revised and updated a number of times, and a new edition is now being prepared. In the case of most medical problems, scientists can readily agree on the nature of the symptoms and the effect the disorder is producing. But psychiatrists have a more difficult time accumulating data that are specific, and they regularly disagree over whether a given set of symptoms is even a mental illness. Homosexuality, for example, has at various times been classified as a disorder and as normal behavior. Alcoholism has been viewed as a physical illness and a behavioral disorder. Clearly something quite different from scientific analysis has gone into the making of these various judgments.

The APA manual is published for use by medical professionals, but the classifications have come to have important social implications. Once a set of symptoms is recognized by the profession as a mental illness, persons exhibiting the symptoms can often claim insurance benefits, invoke civil rights protections and even offer the illness as a defense in criminal cases. Public opinion shifts gradually

to accommodate these designations and to tolerate behavior once thought unacceptable.

In the course of the current revision of the manual, three new designations have become particularly controversial. In an early draft, the manual included mental disorders for rapist behavior, self-defeating personality and a form of premenstrual syndrome. Many psychiatrists objected to these new designations. Accused rapists, they warned, would claim exculpatory illness; abused wives who are victims of crime would be treated as if their own disorders had provoked abuse; women would be stigmatized if premenstrual symptoms were treated as mental rather than physical disorders. Revisions are still under way.

Psychiatrists play a critical role in our complex society not only because they treat the ill but because, in many cases, they define the norms. It is important that in their concern for the sick they be mindful of society's need to reinforce moral codes, to hold people responsible—in most cases—for their behavior and to provide protection against those who hurt others, acknowledge no rights but their own and destroy the peace of the community.

—THE WASHINGTON POST.

Enough Sugar Madness

Quotas that limit sugar imports have had the effect of tripling the price of sugar for American consumers. This protectionism is backfiring on U.S. growers because the main consumers, commercial buyers, are switching to cheaper corn sweeteners. So the sugar lobby has pressed Congress for even tighter quotas that would further raise supermarket bills and impoverish efficient sugar exporters in Latin America. Only a House-Senate conference committee can stop this madness.

U.S. production is concentrated in a few states where it is a dominant economic interest. Their congressmen know it and the growers in Hawaii, Louisiana and Florida usually get what they want despite the opposition of consumers, refiners and the State Department.

Under the current four-year-old program, the government must maintain the domestic price at 18 cents a pound. Since that is far above the world price of 6 cents, country-by-country quotas must be used to prevent a flood of imports that would force Washington to buy up the domestic surplus. Quotas are adjusted periodically to keep the domestic price at about 21 cents—just enough above the 18-

cent floor to ensure that the domestic crop is shipped to private refiners rather than dumped on Uncle Sam. The unintended side effect has been to create a boom market for cheaper corn sweeteners. And as corn displaces sugar in processed foods, the Agriculture Department has been forced to reduce imports further from 2.9 to about 2 million tons a year.

Were there not some concern for friendly, sugar-producing nations abroad, the quota might have soon been cut to below one million tons. But in September President Reagan held the line for foreign countries, including Brazil, El Salvador and the Dominican Republic, and the sugar price slipped to 19 cents.

Now the growers have struck back. They have asked the Senate to pass a bill that would bar the U.S. government from buying surplus sugar. If that provision stands, the administration would be forced to slash the import quotas to drive the price back up to at least 21 cents. That would rock Latin American economies and add \$600 million to food prices at home. It is a costly trade Congress should not swallow.

—THE NEW YORK TIMES.

Other Opinion

Bossy Work on the Borders

On a visit to France I observed that there were no customs or immigration formalities at all at Calais. As we drove off the ferry without showing our passports, we might have been smuggling a trunkload of illegal immigrants or a hundredweight of cocaine. The same was not true on our return to Dover.

Britain opposes plans for the phasing out of passport checks between Common Market countries on the grounds that this could make it easier for terrorists and other criminals to cross borders. At the same time, immigration officers promise a summer of maximum disruption unless more people are employed to help them in their useful work.

I suppose a case could be argued against pedestrian road crossings on the grounds that they might help a terrorist to cross the road. But that does not seem a good enough reason for preventing anyone else from doing so until he has proved he is not a criminal.

Peggy Fenner, a junior agriculture minister, warned travellers from France not to bring more than the permitted kilogram of meat or powdered milk, on the grounds that to do so might spread unspeakable foreign diseases. But if French meat is liable to be poisonous or infected, then so is the permitted kilogram. There is no possible explanation for the attitude of successive British governments except a passionate desire to boss us around.

—Auberon Waugh writing in
The Sunday Telegraph (London).

Expensive Performers in Space

People in outer space are mainly useful for dealing with problems that would not exist if they were not there in the first place, getting in the way of undramatic instruments that can easily reach the benefits of space.

But technological sense and dramatic appeal reflect different values. And that is why NASA, hoping to get \$8 billion for a needless cabin in the sky, had its astronauts tinkering in orbit recently with aluminum construction beams. It is also talking up a similarly super-

fluous venture, a manned trip to Mars that will take so long that planners say it is possible that cancer, heart attacks and other diseases of aging might develop along the way.

The wretched little secret of space politics is that humans are technologically a dispensable nuisance up there, inferior to and far costlier than sophisticated instruments. But without humans, space would be like a circus without high-wire acts—bad for the box office.

NASA goes into panegyrics over astronauts occasionally salvaging errant satellites. Unmentioned is that the cost of outfitting the Space Shuttle for human crews far exceeds the value of the saved satellites.

A manned Mars mission would be the premier example of prodigious waste on useless cargo. Relatively inexpensive unmanned satellites have already transmitted back volumes of precious scientific data. The medical problems, though difficult, are manageable. There would be no medical problems if useless human cargo were left behind, but that would reflect a great mistake in space politics—the triumph of engineering over theater.

—Syndicated science commentator
Daniel S. Greenberg (Washington).

Chosen for Temporary Duty

All one has to do to be assured a retirement income of \$86,000 a year is become president of the United States. The money assures that [former presidents] need not exploit the high office they have held and can carry out the responsibilities it places upon them for the rest of their lives. What is thoroughly unacceptable, though, are the escalating costs of maintaining Taj Mahal libraries, providing an imperial office and staff and deploying a palace guard for lifetime protection. This is the year Congress finally should clamp controls on the fringe benefits that recent ex-presidents have learned to like too well. The Oval Office may produce king-size egos, but it is occupied only by citizens chosen by fellow citizens for temporary duty. It should not lead in retirement to a form of American royalty.

—The Oregonian (Portland).

FROM OUR DEC. 10 PAGES, 75 AND 50 YEARS AGO

1910: Greeks Victimized in Rhodes

RHODES—Indignation prevails here regarding the administration of justice. When the Ottoman constitution was proclaimed, there were hopes that public services would be reformed, and notably the law courts, but the administration of the law is now in a more corrupt state than during the absolutist regime of Sultan Abdul Hamid. Greek residents are the victims of continual persecution and get no redress. The Greeks are in reality without a Consul, because M. Stidas, who was appointed to the post, is not recognized by the Turkish Government on account of his political antecedents in Macedonia. Gangs of Muslim marauders parade the city, terrorizing the Greeks and obliging them to close their shops. The police look on but do not intervene.

1935: Roosevelt Defends Farm Policy

CHICAGO—Defending the Administration's farm policy as designed to end conditions which "turned the farmers virtually into serfs," and denouncing its critics as "political profiteers," President Franklin D. Roosevelt told the American Farm Bureau convention [on Dec. 9] that the agricultural problem is a national matter and must be subject to the jurisdiction of the Federal government rather than of the forty-eight states. The President claimed the Administration's program had increased farm incomes by \$3 billion in the past two and a half years. He admitted that some retail prices were too high, but said: "Lifting the prices of farm products to a level where the farmer can live is opposed chiefly by the few who profited heavily by the depression."

A Chinese Lesson: Interest Can Overcome Ideology

By Warren Christopher

The writer was U.S. deputy secretary of state from 1977 to 1981. This is the second of two articles.

LOS ANGELES—A refusal to be diverted from internal reform seems to be the operating principle of China's foreign policy in the 1980s. Its reaction to Vietnam's strikes this year in Cambodia has been muted, especially in contrast to the "teach them a lesson" approach of the late 1970s. Relations with South Korea are edging toward normalcy.

For good measure, China has trimmed its military budget and it plans to reduce the size of the People's Army by one million men. As a nuclear power China has shown no interest in an arms race with anyone—maintaining less than 250 nuclear-capable missiles and bombers, compared to thousands for the Soviet Union and the United States.

Meanwhile, the country's domestic trends have been riveting. China has not become a liberal, democratic society. Political and personal freedoms are still sharply confined. But there have been drastic and accelerating departures from the Maoist economic model.

They began with reform in agriculture. In 1978 the Chinese started shifting from farming communes to a system of contracts with family farmers. They adopted regulation by market forces, profit incentives and experiments in enterprise economy. The agricultural reform was called a "self-responsibility system." (Not a bad way to define U.S. farms.)

It has been stunningly successful—bumper harvests for four years running, doubled output of food grains permitting sharp cutbacks on purchases abroad. The shift has produced great wealth in the countryside and a sense of excitement, perhaps even of mission, among rural China. And rural reform has helped China resist the surge of migration to the large cities that has plagued so many developing countries.

Last year the Chinese moved their economic revolution to urban areas. Reforms include far-reaching steps out of character with a Marxist sys-

tem. The goal of the 400,000 state-owned enterprises in China is no longer aiming to fill bureaucratic orders but a return of reasonable profits. Managers now make their own plans in such areas as wages, suppliers, investment and production. American-style training has been adopted in management, marketing and accounting, using instructors from American universities.

There is official acceptance, even approval, of the accumulation of wealth. Private ownership is permitted for shops, restaurants and medium-size businesses. Perhaps most striking of all, China is granting permission for private companies to sell shares of stock to the public.

Chinese leaders are not timid about describing what they are doing. The party leader himself, Hu Yaobang, has said that China "wasted 20 years" after 1949 because of the "radical leftist nonsense" associated with Mao. As an example of "nonsense" he recited Mao's phrase, "Better to have socialist weeds than capitalist seedlings." Now the favored maxim is the reverse, summed up in the aphorism from China's top leader, Deng Xiaoping, that a cat of any color is welcome so long as it catches mice.

As Prime Minister Zhao Ziyang says, "We learned our lessons the hard way... Now we know what works best for China."

Quotations from Marx, Lenin and Mao are still invoked to rationalize the new policies, but a Chinese official told me recently that the reforms would create "200 million rich Chinese." These changes are historic.

No major Communist country has

tried to move so far toward a market economy. There is evidence that the rapid pace of decentralization may have outrun the competence of local managers. A mere promise of change in the pervasive system of price controls caused a ripple of panic buying; when actual price increases came, discontent is bound to follow. Opposition is surfacing among bureaucrats who are losing power and who call the reforms "spiritual pollution."

What will happen when Deng Xiaoping, now 81, leaves office? He gives every indication of being concerned with posterity as well as power. He has designated his successors—Hu Yaobang the party leader, Zhao Ziyang the premier. A cadre of younger people has replaced a generation of aging leaders, in the largest

power shift since 1949. The strategy is to assure that today's direction will survive their chief author.

The reforms are manifestly popular—and, on the whole, working. China has grown at sustained rates, comparable to Japan in the 1960s and South Korea, Taiwan and Hong Kong in the 70s. As businessmen dealing with China can attest, the country hungers for advanced technology, and incorporates it readily—in effect, skipping whole generations in building an industrial base.

China is a forceful answer to the suggestion that every Marxist system is irretrievably hostile to Western interests. Nations and peoples can be subjugated by stronger outside powers, and we know this is a Soviet ambition. But China shows that nations, when able, are more likely to follow their own interest than someone else's script. It just might be true that time is on freedom's side.

Los Angeles Times.

But Why All This Official Trust in Chinese Nuclear Restraint?

By Leonard S. Spector

WASHINGTON—As U.S. intelligence agencies struggle with the implications of Larry W. Tai Chi's 20 years of top-level spying for China, across town at the State Department they are readying a celebration: The long-sought United States-China nuclear trade pact, under which China will get technology and materials for nuclear power, is about to become a reality.

In its current form, as the Reagan administration has acknowledged, the accord is unworkable. China has refused to permit the International Atomic Energy Agency to keep track of U.S. nuclear exports or to allow comprehensive U.S. inspections. The agreement gives Washington a vague right to "visits" and "exchanges of information"—but not the program of systematic accounting required in all other agreements with nations

that import U.S. nuclear materials, including Britain and France.

In essence, that means trusting China's word that it will not misuse nuclear transfers. With the U.S. government accusing China of 20 years of deceit—which continued even as the nuclear deal was being negotiated—unqualified reliance on such assurances hardly seems warranted.

More than potential Chinese nuclear chicanery is at stake. The sensitive nuclear pact has been treated by both sides as a key barometer of U.S.-Chinese relations. In the immediate aftermath of the spy scandal, Washington's stand on the accord may be the single most important indicator of how seriously it views China's spying exploits. President Reagan's fist-shaking at all the spies in our midst

seems like so much bluster now that he has decided to continue business as usual with China on the highly visible nuclear issue.

There is also the question of candor. Only days before China's spying activities were revealed in the press—at a time when they were certainly known to senior CIA and Justice Department officials—key members of the Senate Foreign Relations Committee were briefed by the CIA. On the basis of that briefing, the committee expressed its support for the nuclear agreement. Did the committee learn of China's spying activities at the briefing and decide to endorse the agreement anyway? Or was this information withheld because it would upset the nuclear deal?

Washington's real concern is to

strengthen ties with a potential anti-Soviet ally—despite the damage to other U.S. interests.

The delivery of nuclear materials is still months away, and in the interim there will be further talks on what the "visits" and "exchanges of information" specified in the pact really mean. These talks could lead to truly effective safeguards. But there is little reason to believe that U.S. negotiators will be instructed to insist on such safeguards—or that China, having observed Washington's solicitude in the wake of the CIA affair, will be prepared to grant them.

The writer is senior associate at the Carnegie Endowment for International Peace and author of "The New Nuclear Nations," an annual report on the spread of nuclear weapons. He contributed this column to The New York Times.

When Japan Marched to War, a Dissenter Was a Non-Citizen

By Kensuke Fukae

NEW YORK—At school on the morning of Dec. 8, 1941, the battle started bell of the flower Mikasa rang out, as did every morning, for roll call. The Mikasa had led the Japanese victory over the Russian Baltic fleet; the bell was yet one more daily reminder of the Japanese military traditions that my schoolmates and I lived to uphold. But that morning the bell had another resonance: At breakfast, my mother and brother and I had heard the news of our attack on Pearl Harbor.

As junior high school students, we had learned that our virtual annexation of Manchuria was our protection against the advance of Communism after a power vacuum was created by the collapse of the Qing dynasty. It was also true, however, that the Depression had resulted in the collapse of Japan's Western markets, and the population had doubled in 50 years. Expansion through military conquest seemed to be a solution to many of Japan's economic problems.

The Japanese group mentality and the "samurai" spirit strengthened the cause of those who urged military spending and strength. Our traditions, after all, taught us

not to question leadership and authority. Anyone who questioned the military budget was considered "hikoku-min"—a "non-citizen"—and as such was thought to be endangering our sacred national security. The more aggressive the military became, the more it was able to win concessions from the moderate elements in the government who feared being condemned as un-Japanese.

The United States reacted to the occupation of points in Indochina by declaring a virtual trade embargo that included oil. On Dec. 8, we were told that our strike was against a hostile nation that was usurping Japanese property, choking off oil and demanding our withdrawal from China. In the schoolyard, talk was excited and patriotic. We were 16; in a short time more than a third of us would take our places in the army and naval academies. Soon school was practically speaking, suspended, as the entire nation was mobilized for military training or industry.

Along with the virtual annexation of Manchuria in 1933 came the establishment of a

"thought police." The military establishment now controlled not only the administration but also the media. Censorship of news was sanctioned for "national security reasons." Anyone—editor, professor, politician—expressing a dissenting opinion could be arrested as a Communist sympathizer or similar undesirable. Patriotism ran high in our isolated land, and the administration defined all of its actions in terms of national security.

Within a few years the media were being used to exhort the people to fight to the glorious end. The kamikaze mentality flourished as citizens of all ages sharpened bamboo spears to ward off invaders. Firebombs rained destruction on every major city except the old capital, Kyoto. On March 10, 1945, 200 B-29 bombers incinerated more than 50 percent of metropolitan Tokyo and 80,000 residents. On Aug. 6 and 9, America dropped atomic bombs on Hiroshima and Nagasaki.

On Aug. 14, we were told that a very important announcement would be made the next day. The next day, the emperor spoke on

the radio for the first time. For over 2000 years the emperor had been regarded as the sacred descendant of Shinto God. None of us had ever heard his voice. We accepted that the war was over, although we were still ready to die for our country. It was a moment of relief and disappointment; almost everybody cried.

In the next several days many officers committed hara-kiri, in keeping with the samurai code. Some young men organized partisan groups to fight to the death rather than be captured. But for most of us the emperor's order to surrender was absolute. We were and are a deeply patriotic nation.

America, unlike Japan, has a strong tradition of dissent. America was built on the right to challenge authority. Such a tradition was tragically absent in my homeland as I grew up. Americans should cherish it, for it is such rights that most merit their patriotic devotion. Our loyalty was to our leaders. America's must be to the Constitution.

The writer is president of Kentek Information Systems in Allentown, New Jersey. He contributed this column to The New York Times.

The Media and Terrorism: Coverage Should Be Complete and Reasonable

By Katharine Graham

Mrs. Graham is chairman of the board of The Washington Post Company. The following, the first of two parts, has been adapted from the 1983 Churchill Lecture, which she delivered at Goldsmith in London on Dec. 6.

LONDON—Terrorism has emerged as a fair degree of short-term success, at least in the case of the United States. The yearlong seizure of the U.S. Embassy in Tehran contributed to the downfall of the Carter presidency. And terrorism in the Middle East encouraged, if it did not cause, military withdrawal from a region where America's presence had been declared by President Reagan to be "in the national interest."

The success of terrorism in forcing political change has led some observers to conclude that terrorism is war. It is a form of warfare, moreover, in which media exposure is a powerful weapon. As a result, we are being encouraged to restrict our coverage of terrorist actions. Prime Minister Margaret Thatcher has proclaimed: "We must try to find ways to starve the terrorist and the hijacker of the oxygen of publicity on which they depend." Many people, including some reporters in the United States, share her view. Most of these observers call for voluntary restraint by the media in covering terrorist actions. Some go so far as to sanction government control—censorship, in fact—about media fail to respond.

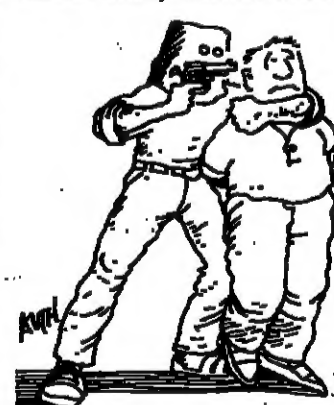
However, I am against any government-imposed restrictions on the free flow of information about terrorist acts. Even media-sponsored guidelines would be too broad to be useful or would be forgotten in the heat of a crisis. Instead, I favor a complete coverage of terrorism by the media as possible. Here are my reasons:

• Terrorist acts are impossible to ignore; they are simply too big a story to pass unobserved. If the media did not report them, rumor would abound, and rumor can do much to inflame and worsen a crisis.

• Specialists find no compelling evidence that terrorist attacks would cease if the media stopped covering them. On the contrary, they believe that terrorists would increase the number, scope and intensity of their attacks. If we ignore them, terrorists would turn up the volume until the world could not avoid hearing.

• Citizens have a right to know what the government is doing to root out terrorist attacks. Some of the solutions raise disturbing questions.

At the same time, I believe that the media can help the government resolve terrorist crises and save lives, even though it is not our role to do so. Coverage can be an insurance policy for hostages. As soon as hostages appear on television, they may be



4-17-83 (The Washington Post)

somewhat safer. By giving the terrorists an identity we make them assume more responsibility for their captives.

In addition, the government relies to some extent on the news media for information about a crisis that can be used to resolve it. One government official admitted to me that American news organizations have more resources to devote to these crises—in money, people and technology—than does the State Department. We also sometimes have greater access to the perpetrators. In the Middle East, government officials are often sealed in their bunkers. Frequently, terrorists refuse to speak to them but want to talk to reporters.

These factors are important. They have contributed to the resolution of terrorist crises and helped save lives. But I would quickly add that covering terrorist acts and urban violence presents very real and exceedingly complex challenges. There are limits to what the media can and should do. Three critical issues, in particular, must be addressed. All

lurch the central question of how the press can minimize its role as a participant in the crisis and maximize its role as a provider of information.

The first issue involves knowing how to gather and reveal information without making things worse, without endangering the lives of hostages or jeopardizing national security.

In the early days of covering urban violence and terrorist attacks, the media would descend on the scene, lights ablaze and cameras rolling, in hot pursuit of the news. Sometimes we did not know what could put lives at risk, and we were often less than cooperative with police.

tags in Washington in March 1977, there were five television reports that the police were storming a building when in fact they were merely bringing in food. Some reporters telephoned the terrorists inside the building, and one interview rekindled the rage of a terrorist leader who had been on the point of surrendering.

Such potential disasters have led to discussion between the police and the media on how each could work better with the other. A more professional approach on both sides has resulted.

At the beginning of a crisis, most authorities now know that it is best to establish a central point where reliable information can be disseminated as quickly and efficiently as possible. The media, knowing that the authorities intend to help them obtain the information they need, are much more willing to cooperate.

In particular, the media are willing to—and do— withhold information that is likely to endanger human life or jeopardize national security.

During the U.S. Embassy crisis in Iran, one of our Newswatch reporters became aware that six Americans, known to have been in the embassy, were not being held; he correctly concluded that they must have escaped to the Swedish or Canadian embassies. But we and some others who knew this did not report it because we knew it would put lives in jeopardy.

When Lebanese-Shiite hijackers attacked a TWA flight and took 153 hostages, the media learned—but did not report—that one hostage belonged to the U.S. National Security Agency. Tragically, however, we in the media have made mistakes. In April 1983 some 60 people were killed in a



bomb attack on the U.S. Embassy in Beirut. At the time there was coded radio traffic between Syria, where the operation was being run, and Iran, which was supporting it. A television network and a newspaper columnist reported that the U.S. government had intercepted the traffic, and soon the traffic ceased. This undermined efforts to capture the terrorist leaders and eliminated a source of information about future attacks.

Five months later, apparently the same group struck again, at the U.S. Marine barracks in Beirut; 241 servicemen were killed. No one is absolutely sure the news reports caused the traffic blackout. Some suspect that they did. Whatever the answer,

those detailed reports did not help. This kind of result, albeit unintended, points up the necessity for full cooperation wherever possible between the media and the authorities. When the media obtain specially sensitive information, we are willing to tell the authorities what we have learned and what we plan to report. While reserving the right to make the final decision ourselves, we are anxious to listen to arguments about why information should not be aired.

A second challenging issue that the media have to address is how to prevent terrorists from using the media as a platform for their views.

International Herald Tribune.

LETTERS TO THE EDITOR

Intellectual Terrorism

Miles Copeland's gist is commendable. ("No, Criticism of Israel Is Not Anti-Semitism," Dec. 3.) To brand someone as an anti-Semite because he or she disagrees with Israel's policies is intellectual terrorism. Just as the existence of Israel should not be negotiable, neither is the free expression of opinion and loyalty.

MICHAEL M. FRENKEL
Houma, La.

Of Geese and Octopodes

William Safire's problem with octopuses and geese ("A Writer Enraptured by Octopuses," Nov. 25) resembles that of the suit maker who had frequent need of the smoothing iron known as a tailor's goose. To refresh his supply he wrote an order for "two

tailor's geese." Not liking the look of that, he began again and wrote for "two tailor's geese." Still unsatisfied, he made a third try, asking for "one tailor's goose" and adding: "While you're at it, send me a couple."

SCOTT CHARLES
Geneva.

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Winners Of Nobel Join to Aid III Reporter

(Continued from Page 1)

which won the Nobel Peace Prize in 1977 for its publicizing of human rights abuses, are not fainted when they fail to address adequately nuclear and other issues.

"Broadening the agenda would break up our movement," Dr. Low said later in an interview. "We have found a small oasis of common interest that we pursue with obsessive intensity."

Dr. Low said he was "appalled" by the actions taken by Chancellor Helmut Kohl of West Germany and other leaders in Western Europe, who had urged the Nobel committee to rescind the award because of Dr. Chazov's involvement.

Dr. Chazov insisted he was attending the Oslo ceremonies strictly in his capacity as a physician and co-chairman of the anti-nuclear group, not in his other roles as deputy health minister and a full member of the Communist Party's policy-making Central Committee.

When pressed in an interview on the fact that, unlike Dr. Low, he serves not as a private physician but as a government official, Dr. Chazov responded by saying that perhaps it is good that a man like him has some influence within my government.

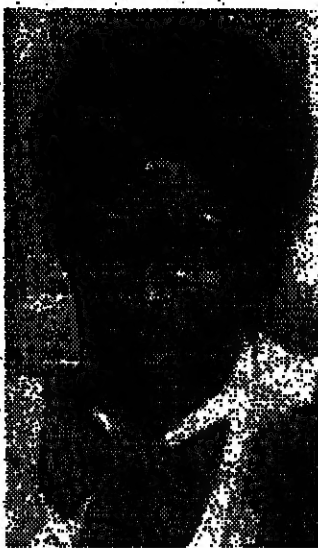
He contended that the issue of Mr. Sakharov's freedom was "not our problem as doctors against nuclear war, because it is outside the commitment of our organization."

During Monday's press conference, Dr. Chazov dodged direct answers to questions concerning Soviet human rights abuses. He insisted that the world would not be a safer place if Soviet physicians were ultimately compelled to leave the anti-nuclear movement because of political considerations.

At that point, the news conference lapsed into chaos as the doctors rushed to attend the heart attack victim, who was identified as Lev Novikov, a Soviet television journalist.

Their common interest in "sudden death" by cardiac arrest brought Dr. Low and Dr. Chazov together more than 15 years ago. They first began to exchange medical research findings, and developed such a close rapport that they decided five years ago to launch their crusade to banish the threat of nuclear war.

Later, a hospital spokesman in Oslo said that Mr. Novikov was alive in "stable but critical condition."



Albertina Sisulu

Treason Case Is Withdrawn

(Continued from Page 1)

against the accused and was regarded as vital to the prosecution's case.

Under cross-examination, Mr. de Vries admitted that the Natal Indian Congress and the Transvaal Indian Congress, which are part of the United Democratic Front and to which many of the accused belong, are not committed to violent revolution as he had testified.

Instead, he acknowledged, they were guided by the nonviolent philosophy of their founder, Mohandas K. Gandhi, who lived in South Africa before he founded modern India's independence movement.

The case produced other embarrassments for the government as well. A security police officer, Major Harold Miles, revealed under cross-examination that police informers were paid according to the information they gave, getting more money for more valuable information.

The major conceded that this could be an incentive to informers to exaggerate their reports, and that informers' reports often formed the basis for issuing restriction orders against political dissidents.

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'Japanese Invasion' Is Welcomed by a Small Town in France

(Continued from Page 1)

have a problem in Western Europe communicating what we are trying to do—it is not an easy task," said Makoto Kuroda, a senior official of Japan's Ministry of International Trade and Industry, known as MITI.

As reflected in a recent survey by MITI, the communication problem involves an inability by many Japanese companies to adapt their management methods to another culture.

"Local employees, unlike Japanese employees, do not consider their work to be the center of their lives," the survey reported.

Nevertheless the Japanese continue to come to Europe. About 200 Japanese manufacturing companies are exploring sites for new investments in countries, such as Sweden, that they had ignored previously.

The Japanese are looking to invest in banking and trading as well as manufacturing—consumer electronic products, office equipment, cars and tires, even pens.

Japanese companies also are seeking joint-venture partners in Western Europe in sectors where they have been weak internationally, such as pharmaceuticals, biotechnologies and telecommunications.

The companies are being supported actively by the Japan External Trade Organization, an agency of MITI that operates 18 offices in Western Europe.

"We still are promoting Japanese trade, of course," said Chikao Tsukuda, head of the trade organization's office in Paris, "but increasingly we are becoming involved in helping our companies with their industrial investments and strategic alliances. This means advising them on everything from government and union relations and financing, to finding parts suppliers and partners."

As in Alsace, our companies are getting a warm welcome. The newcomers include little-known small- and medium-sized Japanese companies, many with virtually no previous experience in dealing with foreigners.

The newcomers are a step down from the giants, such as Nissan and Sony," said Jim Ivins, an official in the British government's foreign investment agency in London, "but they definitely are quietly looking everywhere in Europe, including here."

"They are not coming here for the golf, the tea, nor for our blue eyes," Mr. Ivins added.

He left unsaid the major reason the Japanese are coming: to circumvent growing trade barriers in the European Community. These include not only long-established tariffs, which the EC is preparing to raise on everything from compact

discs to electronic components, but also a rash of duties aimed at "dumping" or selling exports at less than the cost of production.

For car manufacturers, the barriers include import quotas that range from 2,200 cars in Italy to 3 percent of the total market in France and 11 percent in Britain.

One result is Nissan's role in Britain.

"Our plans for major investments in Britain," said Mitsuya Goto, the London-based general manager of Nissan, "stem partly from the fact that we consider the limiting of Japanese car imports here to 11 percent of the total market a restraining factor on our expansion."

Nissan sells about 110,000 cars in Britain annually. Next August, the company plans to begin assembling 24,000 cars a year from imported kits at a new plant in north-east England.

A second plant being planned for a nearby site would produce 100,000 Nissan cars by 1990, representing the largest single investment by the company outside Japan and the United States. The cost is estimated at £300 million (about \$450 million), or £250,000 more than the first plant.

Because each car at the second plant will contain 60 percent to 80 percent British parts, rather than being made from kits sent from Japan, the import quota will not apply, Mr. Goto said. "Quite simply," he added, "if we finally decide to proceed, our sales in the U.K. will double, and we will export cars from Britain."

As happens throughout Western Europe, Nissan has been offered generous financial help by its hosts. In a move strongly supported by Prime Minister Margaret Thatcher, the British government is offering grants and other aid representing about 30 percent of the total investment.

Japanese officials emphasize, however, that financial aid is rarely the deciding factor in direct investment.

Rather it is the abundance of skilled workers and managers, generated by 11 percent European unemployment, that is the key to investment choices. Sony selected Alsace after it narrowed the choice to sites in Austria, Wales and West Germany.

"We wanted French quality workers, mainly Alsatian women, a Sony executive said. Several hundred people have already applied for jobs at the plant, which initially will employ 250. The number could double within a few years, the executive added.

The fact that Japanese wage rates now approach, and sometimes exceed, those in Western Europe also helps explain the trend.

A recent survey by West Germany's Dresdner Bank showed that in Japan average hourly wage costs in industry are the equivalent of 22.80 Deutsche marks (about \$9). That compared to 23 DM in France, 22.50 in Austria and Italy, 20 in Britain, 16.20 in Spain and 37.70 in the United States, 31.40 in Switzerland and 29.30 in West Germany.

They cite the following statistics: The total book value of Japanese investments, even after roughly tripling in the last 10 years, remains modest: the equivalent of \$7.7 billion last year, up \$1.5 billion from 1983. Of that total, about 80 percent was spent in commerce, banking, distribution and other

services; manufacturing investments accounted for only 20 percent. According to government estimates, investments this year will rise to \$8.5 billion. Japan has invested nearly three times more than that in the United States.

Seventy percent of Japan's exports to Western Europe comprise primarily goods rather than funds, technology and services. In other words, Japan still is concentrating on machinery and components for its plants rather than transferring its technology and research and development, as many U.S. companies do.

The rate of increase in Japan's trade surplus with the European Community, although it has leveled off, will push the surplus to around \$12 billion this year.

Despite this boom, a recent survey by the Euro-Asia Business Review concluded that Japanese companies in Western Europe faced a growing number of problems.

In Britain, Japan's largest European investment market with 400 companies operating, nearly every one of them complained about difficulties in recruiting and keeping qualified middle-management employees and engineers. Most also cited the poor quality of components purchased from subcontractors. Some criticized what they described as the inertia of British employees.

In West Germany, Japan's second-largest market, local executives complained about the almost exclusive use of Japanese in communications between the head office and the subsidiary. German managers also noted limited possibilities for advancement; despite a high rate of turnover of Japanese executives, the companies do not attempt to integrate local executives into top management.

In France the problems are similar—and different. The first Japanese investment in France was Europ Pentel, which in

1967 established a plant near Paris that now has 60 percent of the market for roller-type pens in France.

Discussing the attitude of his French workers, Hiroaki Arai, director general of Europ Pentel, told the Euro-Asia Business Review: "I don't understand them and they don't understand the company. Conditions for workers here are already too good, and they are still pushing for more money and more vacations."

The situation has improved since Mr. Arai was interviewed earlier this year, a spokesman said, because roughly half the French workers have been replaced by Spanish, Portuguese, African or Vietnamese workers.

Or, as a Japanese study put it: "Trade friction can, in a sense, be called cultural friction. Numerous difficulties will have to be resolved before the recipient countries find [corporate investments] totally acceptable and the investing companies find them profitable."

(Tomorrow: How Europe is fighting back.)

Investment by Japanese concerns, first designed to broaden markets, has been accelerated as a way of skirting Europe's increasingly protective trade barriers.

"The figures do not tell the whole story," said Jean-Pierre Lehmann, an associate professor at the INSEAD business school in Fontainebleau, France, "but wage costs certainly play a key role in deciding where the Japanese decide to invest."

Mr. Lehmann said that the next big investment push will come in Spain. "Spain needs the jobs, with 22 percent unemployment," he noted. "Like most governments, Madrid is giving the Japanese plenty of encouragement."

How are the Japanese companies and banks actually doing in Europe? That question is the subject of considerable controversy and a source of misunderstanding and mythology, according to interviews with government officials, analysts and businessmen in Western Europe.

TRAVELLERS REASSURED 'WATER IN BOMBAY SAFE TO DRINK'

Based on his long and intimate acquaintance with Bombay's foreign correspondent writes: "Of all the things that people drink in Bombay, water has never figured prominently."

Most prefer Tonic in Bombay, Martini in Bombay or Orange in Bombay. Indeed, anything that one would usually mix in Bombay.

But, let me assure you, there is no need to stay clear of the water.

Those rumours which infer that water does not mix with this most distinctive of Imported London Dry Gins are well and truly ill-founded."



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DIAMONDS

A SPECIAL REPORT

Page 8

TUESDAY, DECEMBER 10, 1985



A diamond cutter at work in Antwerp, around 1850.

For a Skilled Stone Cutter, Life Is on the Solitary Side

ANTWERP — For Henri Laurysen, diamond cutting is a fascinating job, presenting new challenges with each precious stone he fashions.

"I'm learning every day," he told a visitor to the factory where he works, in a corner of a dark room whose only light comes from his workbench and from windows high in a far wall.

Mr. Laurysen was handling the job of girdling, a process already known in Renaissance times. He has performed the task for nearly four decades.

A skilled job that requires concentration and steady hands, girdling involves rounding the base of a sawed or cleaved stone so that it has more or less the form of a polished diamond.

To do this, Mr. Laurysen cements a diamond to a dop, or holder, and mounts it in the chuck of a lathe that rotates at high speed. He then takes a second rough diamond, which he has also cemented to a long dop, this one hand held, and places it against the first as it spins. The friction of the two stones gradually gives the desired shape.

"It's a nice job, fascinating," Mr. Laurysen said. "Every stone is a new challenge."

But, despite the satisfaction Mr. Laurysen gets from his work, his job is not without its worries, its problems.

"It's lonely sitting here in a corner," he said, facing dark, windowless walls. "No fresh air."

The gray-haired man, with the bottom of his work apron tucked to his bench to catch anything dropped, shifted at his work station and surveyed the room. Only one other man worked there, his back to his colleague.

Pondering his trade, the 58-year-old craftsman said he was still learning but, "Once you learn everything, you are too old. Your eyes are gone, and you are shaky."

Mr. Laurysen, whose mother was also a diamond worker, wore steel-rimmed glasses that he said he has had since he was about 40, with no change of prescription. It is not the eyes, then, that go first.

The constant movement required in the job of bracing the long, wooden dop under his arm and pressing it against the spinning lathe has given him back problems, not uncommon, he said, in his trade.

"I've already had one operation," he said, touching his lower back, where he said "the bones rub together" because of the rocking motion of the work.

"We have more tension now than before," he added.

Competition and other pressures require that now, more than ever, more be gotten out of a rough stone. Earlier, as much as 40 percent to 60 percent of a stone could be lost in processing, which includes cleaving or sawing, bruting or girdling, and polishing or faceting.

Mr. Laurysen picked up a handwritten order that called for processing a stone. The note said a 3-carat diamond should be fashioned from the 4.75-carat rough stone on his bench.

"We have to make 3 carats," he emphasized, shifting uneasily in his chair to roll a cigarette and light it on a small gas burner on his bench.

As experienced as Mr. Laurysen is in his skilled craft, mistakes sometimes occur — but not many.

"At my age, it's very small, the number of mistakes," he said. "Two or three times and you're out."

Pressures on the job and changes in the industry, including modern processing techniques, have altered the atmosphere of the work place, too, Mr. Laurysen said.

When the diamond business flourished, he said, the workers processing stones enjoyed their work more, taking a day's labor in stride.

"Twenty years ago, you could hear the polishers out there laughing and joking," he said, gesturing to a nearby room where a dozen or so men sat silently at their benches and faceted diamonds.

"Now," he continued, "it's like a cemetery."

— GEORGE GUDAUSKAS

Following the Gem Trail From Rough to Riches

By George Gudauskas

PARIS — A rare stone lacking luster in the rough, the diamond is the most paradoxical of gems, bearing great fame and seductive power.

Through the centuries, April's birthstone has emerged as a symbol for light, life, the sun, durability, incorruptibility, invincible constancy, sincerity and innocence.

Today, diamonds are widely known as symbols of love and trust.

Diamonds have always been the choice of the rich, the royal, the famous, gaining high reputation because they are the most expensive, the hardest, the most brilliant and the rarest of gems.

Pliny the Elder, the Roman naturalist, encyclopedist and writer, said, "Diamonds represent the greatest value not only of the gems but of the good things on Earth."

And T. Nichols wrote in 1652 in "The History of Precious Stones" that "the pure diamond is a hard, diaphanous perfectly transparent stone, which doth sparkle forth its glorie much like the twinkling of a glorious star."

The unsurpassed beauty of a polished diamond is determined by how it reflects light. Its facets are painstakingly placed so that it admits and returns the maximum. The diamond then literally sparkles and glitters like a star.

In unpolished form, however, the diamond is a vague crystal stone, lacking luster. It is downright dull and needs skilled cutters and polishers to bring out its beauty.

The "four Cs" — carat, color, clarity and cut — determine the polished diamond's real value.

Despite its value, the diamond's composition of crystallized pure carbon does not differ from that of graphite, that greasy-feeling black mineral with metallic luster most commonly found in "lead" pencils.

Inferior stones — and 80 percent of the world's diamonds lack gem quality — are used as abrasives, in cutting tools and in phonograph needles. Many space-age applications exist for them, too, including high-grade optics for the U.S. space shuttle.

Most of the world's gem diamond supply comes from pipes, or conical seams, of old volcanoes in South Africa, although Brazil is a source of carbonados, or black diamonds.

Synthetic diamonds have been produced since 1955, when General Electric invented the process, and they now outstrip their natural counterparts for industrial use.

But the gem stone is rare indeed. It is so rare, in fact, that more than 250 tons of rock, sand and gravel

The unsurpassed beauty of a polished diamond is determined by how it reflects light. Its facets are painstakingly placed so that it admits and returns the maximum. The diamond then literally sparkles and glitters like a star.

have to be unearthed to yield a single carat of diamonds, or one-fifth of a gram.

Annual world production amounts to about 47 million carats, or nine tons, with Africa by far the largest producer. The Soviet Union and Australia have also become important participants in the world market, as well as Venezuela.

It is not known when the first diamond was discovered (diamonds are said to date back 3.2 billion to 3.5 billion years). But where this happened is no mystery. It was in India, where an active trade in diamonds existed long before the birth of Christ.

Until the 18th century, India remained the only producer. So it was there, in the land of wealthy

maharajas, that many of the myths and legends surrounding diamonds sprang forth.

Unknown to the early Greeks, it is said, diamonds won high favor among the Romans. They prized them for their reputed supernatural powers. Diamonds served as talismans, or lucky charms. In Rome, diamonds also were used for engraving.

The Persians and the Arabs monopolized diamond shipping until the Middle Ages. They also held priority claim on purchasing, denying Europe most diamonds.

But, after the Crusades, which opened new trade routes, Venice became the largest Western commercial power and the center for the diamond trade.

Demand for diamonds in Europe grew.

With that demand, diamond-cutting and polishing skills spread as far west as Flanders, first to Bruges and then to Antwerp, aided further, in 1498, by the Portuguese explorer, Vasco da Gama, who discovered the direct sea route to India.

In the 18th century, as Indian mines began to give out, new discoveries were made in Brazil, where gold washers accidentally found diamonds.

In 1866, in what would begin the most significant chapter in the long history of diamonds, a Boer, or Dutch farmer, found a diamond on a great plain in the heart of South Africa.

Three years later, near the Orange River, a Hottentot herder picked up the legendary Star of South Africa, an 83.5-carat diamond that he then offered for the price of a night's lodging.

"Sir," he said to a Boer, "I have a beautiful stone for you if you allow me to stay overnight."

He was turned away, but a fruit dealer then offered all his possessions — 500 sheep, 10 oxen and a horse — to the astonished herder for the stone.

The discovery sparked "diamond fever" in South Africa and caused the biggest diamond rush in mining history, in the Kimberly region of Cape province.

A power struggle ensued, pitting thousands of producers working their own claims against each other. Their competitive selling endangered the market's stability at a time when the world faced economic hard times.

The struggle led to the founding of the De Beers Consolidated Mines, Ltd., and later to the Central Selling Organization in London. The CSO now largely controls the market.

Fascinating but secretive, the market abounds in legends and tales. One of them involves the largest sale of diamonds in history — a \$24.5-million transaction in 1974.

It only took a minute, according to Ronald Winston, who wrote about it in a book on his father, Harry Winston, the jeweler and creator of one of the largest, diamond manufacturing and marketing companies in the world.

Harry Winston and the De Beers chairman, Harry Oppenheimer, had concluded the transaction when Mr. Winston asked Mr. Oppenheimer for "a little something to sweeten the deal."

Unfazed, the chairman reached into his pocket and pulled out a 161-carat rough diamond and rolled it across the table.

"Thanks," replied Mr. Winston, who picked up the diamond and smiled.

The rough stone later was cut into five gems. The largest, a flawless 45.5-carat, emerald-cut diamond, aptly was called the "deal sweeter."

In the world of precious stones, 303 major diamonds exist, each known for its unsurpassed color, size, flawlessness or historical significance. The Iranian Crown Jewels contained 26, while five are in the regalia of Britain, five belong personally to Queen Elizabeth II.

The Cullinan was found by a supervisor of a mine near Pretoria and weighed an astounding 3,106 carats. It is named after the mine's discoverer.



The pear-shaped Cullinan I, with its 74 facets on 530 carats, is mounted in the British royal scepter.

Jewelers Smash Taboos for the New Sun Kings

By Vicky Elliott

PARIS — One of the reasons Louis XIV is known as the Sun King is that he glittered as he walked. His royal person was encrusted, it seems, with as many as 2,000 diamonds: on his hat, on his cravat, on buttons, garters and buckles.

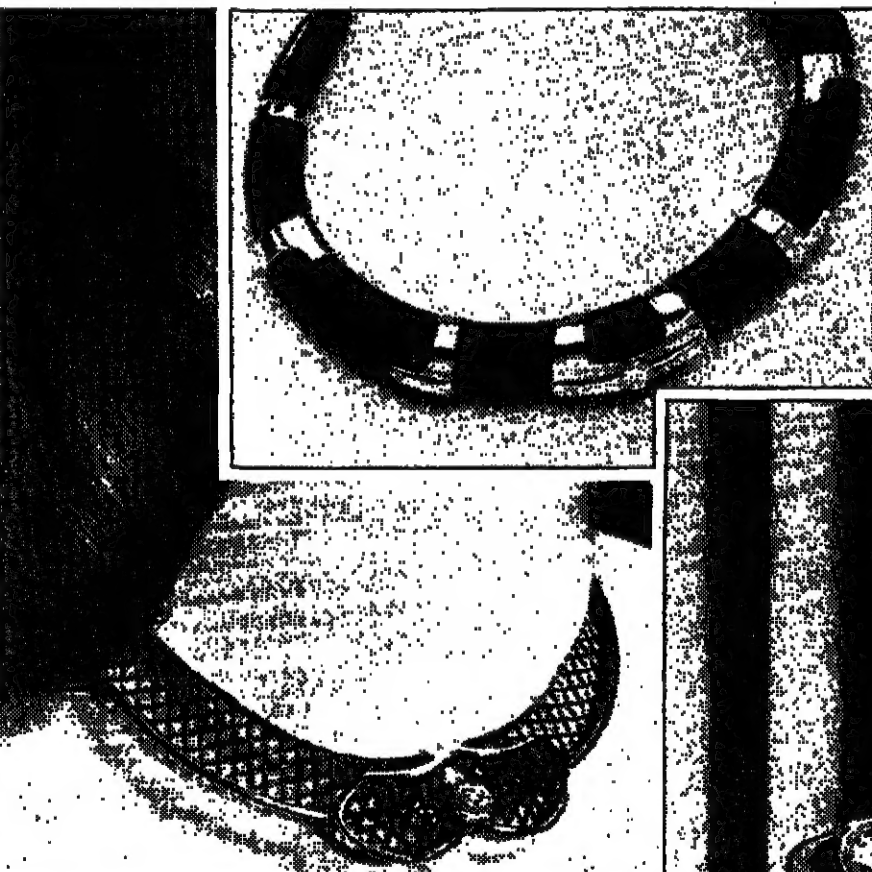
Gentlemen today are shier, indulging only in the odd timepiece or cuff link. But the purveyors of diamonds have been conspiring, with limited success, to expand this neglected segment of the market. Collections for men have been designed confronting diamonds with leather and steel, imitating them on smooth wooden spaniels or letting them masquerade as the miniature ball at the end of a tiny golf polo mallet. There are taboos to be broken.

Faced with a tighter market, the great names in jewelry have had to become inventive. As they had to adjust when the maharajas and many of the crowned heads of Europe faded into history, they are having to adjust today as the oil money flows less freely. Some have made multimillion-dollar businesses by refocusing part of their activities on new customers in a different income bracket. There are still new "boutique" lines opening on the Place Vendôme, the mecca of the industry, where starting prices for a bauble with the odd diamond hover at around \$800.

Marketing has evolved. It is true that most women in the jewelry ads are there only to display their husbands' spending power, but De Beers has a new campaign insisting that only the man whose wife (or life partner) has just presented him with a diamond can be a yuppie really worthy of the name. Many of the highly tailored individuals who ply their trade on the rue de la Paix are doubtful this tactic will really breed a generation of latter-day Sun Kings, but things do change.

Take the engagement ring, for example, whose function has become somewhat ambivalent, at least among the cohabiting middle classes. Nowadays, when the couple finally reaches the registry office, there may be only a single ring doing the job of two. (The problem is what to call it: De Beers' Centre du Diamant, not altogether successfully, tried "les nouveaux fiancés," hoping to borrow from the sophistication of the New Romanticism and nouvelle cuisine.)

Then, there is the problem of clothes. Since the days of Britain's Queen Mary, who was particularly partial to baubles, there has been a shrinking not only in the number of state occasions but in the surface of apparel available for adornment. No hats, hence no hat pins; no jabots at the neck; brooches have



At top, Jean-Jacques Chaubain's necklace; ring by François Paultre, right; a choker from Laurence Dolegal.

as good as vanished (although there has been a concerted effort to revive them in Paris as the "clip").

Life-styles count, too. Queen Mary's great-grandchildren (or their wives, who, after all, have started to wear their jewels around their foreheads) may have to be doing the dishes themselves. The solitaire in its Tiffany mount, with four claws, which protects the stone in a smooth setting without protrusions and does not catch on the wearer's latest cashmere sweater.

Conventional wisdom has it that a stone is at its most brilliant when it is placed in the least obtrusive setting. But some up-to-date designs have demonstrated the contrary: that a 1.5-carat stone, say, encircled in a setting of gold, can look almost twice the size it does when left open to the light.

Fashions in haute joaillerie are not as fickle as fashions in haute couture; a jeweler cannot afford to have his merchandise look passé too quickly. But while there will always be takers for the raw materials rendered in classical splendor, for the brute stones and the sheer weight of gold and platinum, there is room for innovation.

"We try to nudge the big houses

into something a little more modern," said Laurence Dolegal, whose designs can be seen at several of the major houses. Her husband is a jeweler himself, and (or work together on extending the possibilities of a given technical problem. In a recent De Beers selection of contemporary design for solitaires, she showed a necklace using a mesh of black gold that was inspired by some radiator meshing that happened to be lying around in the workshop.

While black gold uses a process of oxidation formerly under industrial patent to treat the surface of the metal, Harry Winston has been perfecting its alloys of "blue" gold, and other colors may follow. Alain and Patrick Mauboussin had the idea of sculpting mother-of-pearl from the thickest shells of the South Seas, uncovering a material of great depth and warmth that is put to surprising effect in their "Nadia" rings. (The name comes from *nacre* and *diamond*, or mother-of-pearl and diamond in French — "Diana" was already heavily trademarked.)

Laser cutting, which in theory makes diamond as malleable as putty, may yet have revolutionary consequences, although the diamond in the shape of a horse's head

rubber tubing, punctuated with a knot plastered in a *pave*, or mosaic, of diamonds. Marie-Paule Quercy, another of the 25 finalists in the competition, produced an extravagant necklace in the shape of an inverted umbrella, using platinum mesh set with raindrops of pear diamonds.

These exceptional pieces, collectors' items, would cost a jeweler \$35,000 and \$65,000, but they are not necessarily expected to find a buyer. De Beers, however, has decided that it is in its interests to keep the industry on the move. Its competitors began with a hyper-realist stage: diamonds with paper clips, for instance, or another winning entry, denounced by L'Humanité, the Communist daily, showing off a substantial solitaire in the vise of a thoroughly proletarian monkey wrench.

A more recent venture was the "Simple Is Beautiful" collection, which ranges from Art Deco in inspiration to unabashed hi-tech. Jean-Jacques Chaubain, one of the designers represented, is 23 and chafing that his designs must be scaled down to the inevitable constraints of the market. It may be some time before Cartier and Boucheron are ready for his futuristic, mechanical creations inspired by science fiction and comic strips.

Some jewelers maintain that it is their Arab clients who keep the motor of invention running. First of all, they have had the means to become connoisseurs, and then, because they buy jewelry more freely as gifts, they are tuned in to the newest models. Bulgari argues that Americans are more receptive to innovation. Some say the French are the keenest judges of good work. And many report that there has been an evolution in attitudes: that customers who used to come in to add a facet to their investment portfolio, are now more sensitive to the beauty of the jewels.

The fact remains that most jewelry lives a half-life in a bank vault, and much ingenuity has been expended in grappling with the problem of security.

"I wish I could leave the door open and let people come in and out as if it were a supermarket," said Michel Ermetin of Verney, son in his beautifully appointed, corner of the Place Vendôme. Along with his superb restorings of antique stones, unique pieces, he has a fluted gold ring called the "Coffre-Fort," or safe, whose central brilliant can be swallowed up by the mechanism — "for those who prefer to ride the metro."

Harry Winston has perhaps the ultimate in the logic of gadgetry: the jewel that helps to defend itself. This Christmas, for around \$3,400, they are selling a golden alarm whistle, studded with diamonds and hung on a silken cord.

or a Star of David does not so far command much of an audience — or much of a price. Meanwhile, hematite and onyx are enjoying something of a vogue, and inventive designers are mixing cocktails of diamonds with smoky quartz and rock crystal, ebony and obsidian.

Unfettered imagination and De Beers' biennial international contests for design have come up with some wild combinations. François Paultre, aiming for contrast — "the hardest material and the softest; the brightest and the darkest" — produced a necklace in jet-black

rubber tubing, punctuated with a knot plastered in a *pave*, or mosaic, of diamonds. Marie-Paule Quercy, another of the 25 finalists in the competition, produced an extravagant necklace in the shape of an inverted umbrella, using platinum mesh set with raindrops of pear diamonds.

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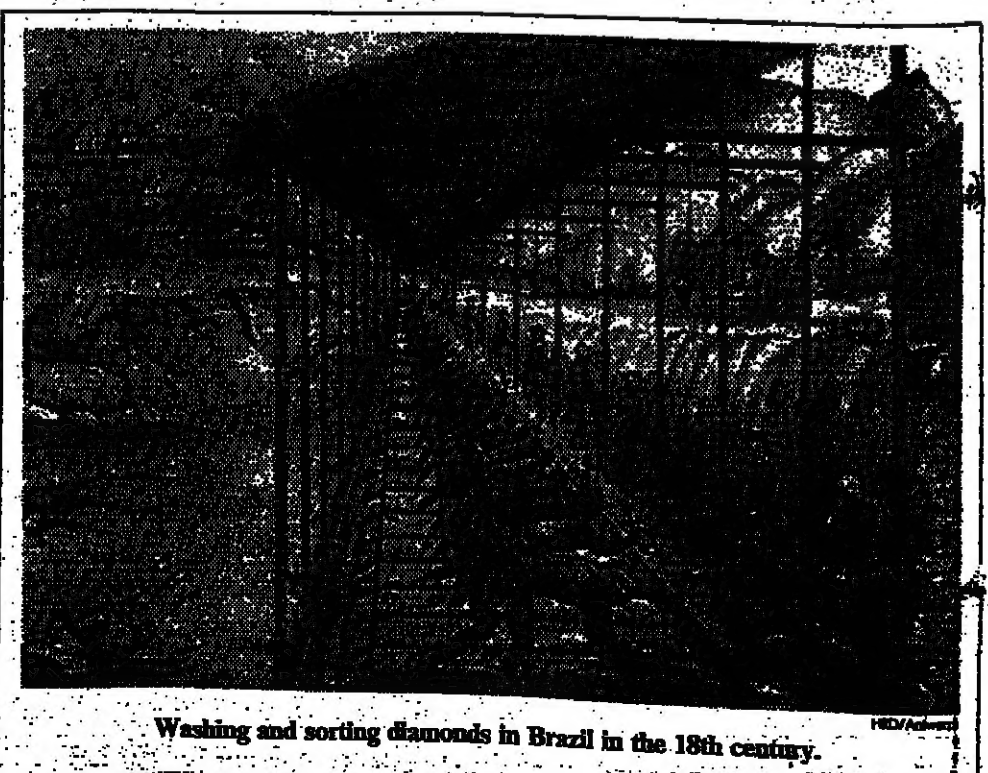
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Washing and sorting diamonds in Brazil in the 18th century.

Market Slump Brings Troubles for De Beers

By Lynne Curry

LONDON — De Beers Consolidated Mines Ltd. has dominated the international diamond industry for decades. But now, in the wake of a sharp downturn in diamond prices since the boom days of the late 1970s and the speculative peak of 1980, the giant South African conglomerate is facing difficult times.

Even with some signs of improvement in the short-term, analysts believe the outlook for De Beers remains uncertain and pessimistic.

Peter Miller, an analyst at L. D. & Co., a London stockbroker, said, "It's difficult to find anyone who is bullish on De Beers."

Liz Dhillon, an analyst at James Capel & Co., another British stockbroker, said, "The outlook is dismal. The company's stock may pick up slightly in the short term, but in the longer term, an artificial market can't be sustained. We've seen that OPEC has fallen apart. The tin market is in chaos. We think market forces will eventually prevail."

Such assessments are grim news for De Beers, which, ever since its founding in 1888 by the British

explorer and empire builder, Cecil Rhodes, has been one of the world's most powerful cartels. It monopolizes the mining, distribution, cutting and pricing of gem-quality diamonds. It extracts diamonds from its own mines, purchases rough stones from other producers and sells them to various diamond cutters and polishers in India, Israel, Belgium and the United States.

Through its London-based marketing arm, the Central Selling Organization, De Beers claims to control 80 percent of the world's diamond output.

Its biggest profits, however, come from sales of gem-quality diamonds, which constitute only a small part of world production. It is in this area that De Beers has suffered its most serious setbacks, the result of falling demand for large "investment" diamonds (one-carat and up) as an inflation hedge. This led to an excessive buildup of the company's diamond stockpile, currently valued at about \$2 billion.

These developments can be traced to the changes in the world economic situation in the early 1980s.

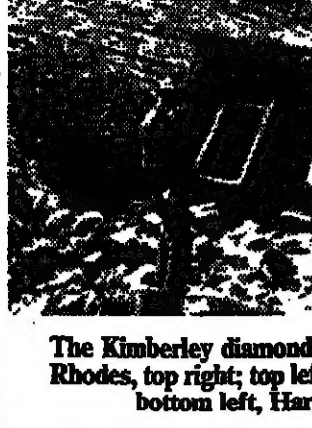
"Gem demand can almost be

correlated 100 percent to the U.S. economy," Mr. Miller said. "The problem was with the depth of the 1980-1982 recession in the U.S."

Roy Huddleston, of Huddleston Gemological Consultants, said: "There was a sea change in 1980. Interest rates went up and stayed up. It was possible to earn money on money rather than trading in diamonds. The gold price suffered. The fashion for putting money into collectibles just went."

For example, in 1980, a small number of one-carat D (colorless) Flawless diamonds each sold for \$65,000 between dealers. At the end of October this year, the same diamond fetched only \$11,000 to \$12,000, according to diamond experts.

Such volatile shifts have been reflected in De Beers' share price. Since 1980, it has fallen from almost \$10 to barely \$5 a share. At the same time, pretax profits have fallen from \$77.8 million in 1980 to a current \$32.1 million. But because of the depreciation of the rand against the dollar, during the same period, the profit decline in dollar terms has been much steeper — from \$1.3 billion in 1980 to \$466 million.



The Kimberley diamond mine, circa 1876. Sir Cecil Rhodes, top right; top left, Sir Ernest Oppenheimer; bottom left, Harry F. Oppenheimer.



In anticipation of a continuing boom, analysts said De Beers and other producers boosted their production capacity in the 1970s and De Beers is now saddled with a huge stockpile. Its inventory has become so large that analysts believe the company would need several years of sustained strong economic growth in the United States

to bring it down to manageable levels.

The cost of financing this diamond mountain is seen as a serious financial drain on the company. In 1980, De Beers had cash reserves of 782.5 million rand and borrowed 61.3 million rand compared with last year, when its cash reserves were about 163.6 million rand and it borrowed 1,259 million rand. Interest payments on this debt rose about 65 percent in the first half of 1985 over the same period in 1984.

Adding to De Beers' problems is the steadily increasing diamond production in Australia. This month, the Argyle mine, believed to be the world's largest single source of diamonds, has gone into operation, extracting largely industrial-quality stones rather than the more valuable gems. De Beers has an agreement to purchase the majority of the mine's output in order to ensure it maintains control. At the same time, smaller cheap-

er-to-produce discoveries in Australia have been made, and some analysts believe more such finds are to come. These developments are bound to further exacerbate the diamond glut, the analysts said.

De Beers, however, remains unperturbed and insists that the oversupply of diamonds is not a serious problem.

"We're not worried at all about the stockpile," said Roger van Eeghen, a De Beers spokesman. "While in money terms it appears large, it is soundly financed. It's larger than it's been in the past, but we actually require a certain amount of stock to be in the diamond business."

In addition, he noted, "Although the Argyle mine is a large producer in terms of volume, the diamonds are not a very good color or quality. Some 5 or 6 percent has been esti-

mated of gem quality that interests us. In financial terms, it's not a very important competitor. They're nice enough for industrial purposes. We have a contract to purchase [most of] them."

The company's control of diamond prices has been further complicated by the Soviet Union's aggressive entry into the diamond market. Although Moscow sells many rough and cut diamonds through the Central Selling Organization, last year it bypassed De Beers and sold a large quantity of polished diamonds in Antwerp below market prices.

In an effort to stabilize the market, De Beers withheld diamonds and in June of this year negotiated an agreement with the Russians. This stipulated that the Soviet Union would maintain current price levels and not increase the supply of polished diamonds in 1985.

However, according to Mr. Huddleston, "The actual mechanism of whether the Russians sell more or less depends on their foreign currency or grain needs."

Earlier this year, Zaire, the world's largest diamond producer, also tried to sell its gems independently. But in August, Zaire renewed its agreement with the Central Selling Organization, reportedly because De Beers was able to obtain a better price for Zairean diamonds than Zaire could get on its own.

Zaire's attempt to go it alone, however, does reflect a feeling found among some diamond producers that sell to De Beers. According to analysts, distaste over dealing with a South African company, coupled with long-standing resentment at what some view as De Beers' high-handed methods have spurred the move toward operating independently of the company. But producing countries badly need the hard currency that De Beers obtains and have therefore found it difficult to bypass the cartel completely.

However, even the sharpest critics of De Beers grudgingly recognize the stability it has brought to the market.

In Its Desert, Botswana Works Biggest Gem Mine in World

By Anne Charnock

JWANGENG, Botswana — Jwaneng mine on the edge of the Kalahari Desert in Botswana is the biggest gem diamond mine in the world.

It was discovered in 1973 by geologists who were determined to prove their hunch that a rich source of diamonds lay beneath the deep sands.

During the 1960s, prospectors had abandoned the region because of the thick sand cover and there was still skepticism when prospecting resumed in 1969. But the geologists' persistence paid off. They uncovered not one but three linked reserves of diamonds that will be mined side-by-side over the next 20 years.

These rich reserves of small gem stones supplement Botswana's diamond income from the existing Orapa and Letlaka mines farther north. Today, diamonds are the major export for this landlocked country that borders South Africa.

Jwaneng's diamonds formed in vertical pipes, originally the necks of active volcanoes, about 60 million to 70 million years ago.

"We don't know why diamonds are formed in volcanic pipes and we don't know why there are three pipes here," said Sean Daly, the mining superintendent for Debswana, a 50-50 partnership between South Africa's De Beers Consolidated Mines Ltd., and the Botswana government.

These were not mountain-forming volcanoes at Jwaneng. Rather, the lava rose through the Earth's crust and spread out on the surface. Over the millennia, glaciers dumped barren rock on top of the pipes and winds deposited tons of Kalahari sand, creating a smooth, flat landscape. It took two years to shift this deposit, which was about 45 meters (49 yards) deep.

Debswana has now dug a giant hole, over a kilometer at its widest, and diamonds are being mined from the central pipe by blasting and excavating the kimberlite, or diamond-laden rock. Eighty-ton trucks, dwarfed by the size of the hole, zigzag down to the excavation site like a procession of worker ants.

Ultimately, the mine will reach a depth of 350 meters, the usual limit for surface diamond mining and almost three times the current depth.

But, Mr. Daly said, "That's not necessarily the end of the diamonds. We could go underground then."

About 60 million years ago, the kimberlite was a deep blue color. But a rich variety of colors has been created as water percolated through the rock strata, dissolving out different elements. Red and yellowish-green bands have formed over the original, unweathered blue kimberlite, which is a much harder rock to mine.

Over the next 10 years, Debswana will be producing 150 carats per 100 tons of excavated material from the central pipe, the richest of the three.

"Then we'll extend sideways," Mr. Daly said. "But as we move into the outer pipes and blend, our grade will drop so that the average over 25 years will be 137 carats per 100 tons."

Looking down into the mine, a huge block of kimberlite has been left unmined. This section, according to Mr. Daly, is too rich. He added, "We are not taking out all the good stuff now because we have to blend to come out with the right number of carats."

Expatriates comprise just under a 10th of the 1,900-man workforce.

They are mainly from South Africa and Britain but also come from Zambia, Kenya, Uganda and Zimbabwe.

Most of the workers were employed at some time in South African mines, and many Botswana households depend on a family member mining abroad. Some retraining is needed for Jwaneng mining operations. Indeed, workers involved in drilling and shoveling must be trained from scratch because these jobs were for "whites only" in South Africa.

At the moment, all five foremen are Botswana citizens. They took the jobs over from expatriates.

However, even the sharpest critics of De Beers grudgingly recognize the stability it has brought to the market.

Analysts say this trend may help to protect De Beers from the worst effects of the slump in the diamond market. But the continuing weakness of that market and its volatility mean that the company's present difficulties are likely to persist for some time.

Investors Learn That the Market Is Not Flawless

By Bruce Hager

NEW YORK — Diamonds may be forever, but their investment value has been questionable for a while. Since 1980, when prices peaked at the height of inflation, the asking price for a one-carat D-Flawless, the highest grade diamond, has fallen more than 500 percent and is still on shaky ground.

Not a good track record for investors thinking about future prof-

its, one might think. But the principal attractions of diamonds — specifically, color, cut, clarity and carat weight — also make their value subjective and given to wide price fluctuations.

"People should realize that diamonds are not a commodity," said Joseph Schussel, a New York broker and editor of a monthly bulletin called the Diamond Registry. "There's no unit that's uniform. It's like a work of art."

There are also two distinct mar-

kets about which investors should be aware. The first is for top-quality, investment-grade diamonds like one-carat D-Flawless. Brokers say prices in this category could fall even lower due to surplus supply and negligible inflation, against which diamonds are used as a hedge.

And then there are commercial, or jewelry-grade, goods, where prices have held steady and in some cases improved since 1980. Brokers say a recent jump in market activity during the past two months suggests increased demand for bigger, better quality stones, which could mean that the overall slide in prices is over.

"I can't foresee much more on the downside," said Greg Hardeman, vice president and manager of Empire Diamond Corp., which he said is one of the largest buyers from the public in the world.

Brokers like Empire report demand exceeding supply in diamonds, ranging from half a carat to more than 5 carats in fine color grades from D through I, and clarity grades between Flawless and VS2. Diamond color scales run alphabetically from D to M, while clarity is judged from IF (Flawless) and VS1 (Very, Very Slight 1) to I3.

"We're paying more than we have in the past for those grades," said Mr. Hardeman, who added that Empire was buying "aggressively."

One reason for improved demand is that the jewelry market is booming. According to the American Diamond Industry Association, demand for jewelry has increased steadily from 40 million pieces in 1980 to more than 45 million last year.

The trend is toward better quality and more weight, especially in engagement rings, according to Lloyd Jaffe, chairman of the group. Mr. Jaffe said the average size of the stone has jumped from about

one-quarter of a carat in 1980 to a little more than a third of a carat last year, while the price has gone up from \$700 to \$827.

Another reason is that secondary supplies of better jewelry-grade diamonds are becoming scarce. And with more and more people buying diamonds for jewelry, certain grades are showing a greater ability to appreciate in the short-term.

Some of the best results can be found in better quality "eye clean" stones with colors between D and F, said Martin Armstrong, chairman of Princeton Economics, an international consulting firm that follows markets for investors. "They'll appreciate 30 to 50 percent over short-term of a year and a half to two years and double on a three- to four-year basis," he added.

The average price for "eye clean" stones, according to William Nelkin, a jeweler in New York's diamond district, runs about \$3,000. Mr. Nelkin, who has spent 63 years in the business, agrees that these diamonds have become particularly popular and could appreciate along with the jewelry market.

Brokers also say the increase in demand for jewelry-grade stones will result in a corresponding need for newly cut stones to replace the old, which could lead to higher prices over the next year.

"What you have now are new goods, and new goods cost money," Mr. Schussel said.

That does not mean that brokers are recommending buying diamond jewelry as an investment. New jewelry from retail stores, as opposed to jewelry-grade diamonds, generally has a mark-up value of between 100 percent to 150 percent or more over the value of the stones used in a setting. When it comes to selling such a stone, the market does not reflect the original price.

"When you buy from a store, you buy at the retail level," said a

source at Cartier in New York, who asked not to be identified. "When you sell, you sell at a wholesale level."

Still, investment-grade diamonds are hardly offering better returns for the short-term. A one-carat D-Flawless now has an asking price of between \$11,000 to \$12,000, while transactions are usually made for \$10,000. That is well below the \$65,000 such a diamond sold for in 1980 and is about back to its 1976-1977 price.

"There's potential for improvement, but there's still some uncertainty," said Martin Rapoport, author of a weekly New York newsletter called the Rapoport Diamond Report that lists diamond prices.

Mr. Rapoport and brokers say that demand probably will not improve until fundamentals like lower interest rates and higher inflation spur investors to turn from dollar-denominated securities to traditional tangible investments.

"Diamonds have traditionally appreciated with inflation," said William Hurwitz, president of Colonial Diamond Brokers in Frederick, Maryland. "But for the last couple of years, we haven't had any inflation."

Statistics bear this out. The Rapoport Index, which gauges price movements for the top 25 quality one-carat diamonds, has fallen for the past 10 quarters, extending back to 1983. Part of this was due, Mr. Rapoport said, to a surfeit of top-quality goods from the Soviet Union.

That does not mean that investment-grade diamonds are discouraging long-term investments. Except for the 1980-1985 period, which most brokers call an anomaly, diamonds have offered good, steady returns, outpacing even precious metals.

And should inflation return to double digits, then "diamonds are wild," Mr. Rapoport said. "It's like getting on the space shuttle."

CONTRIBUTORS

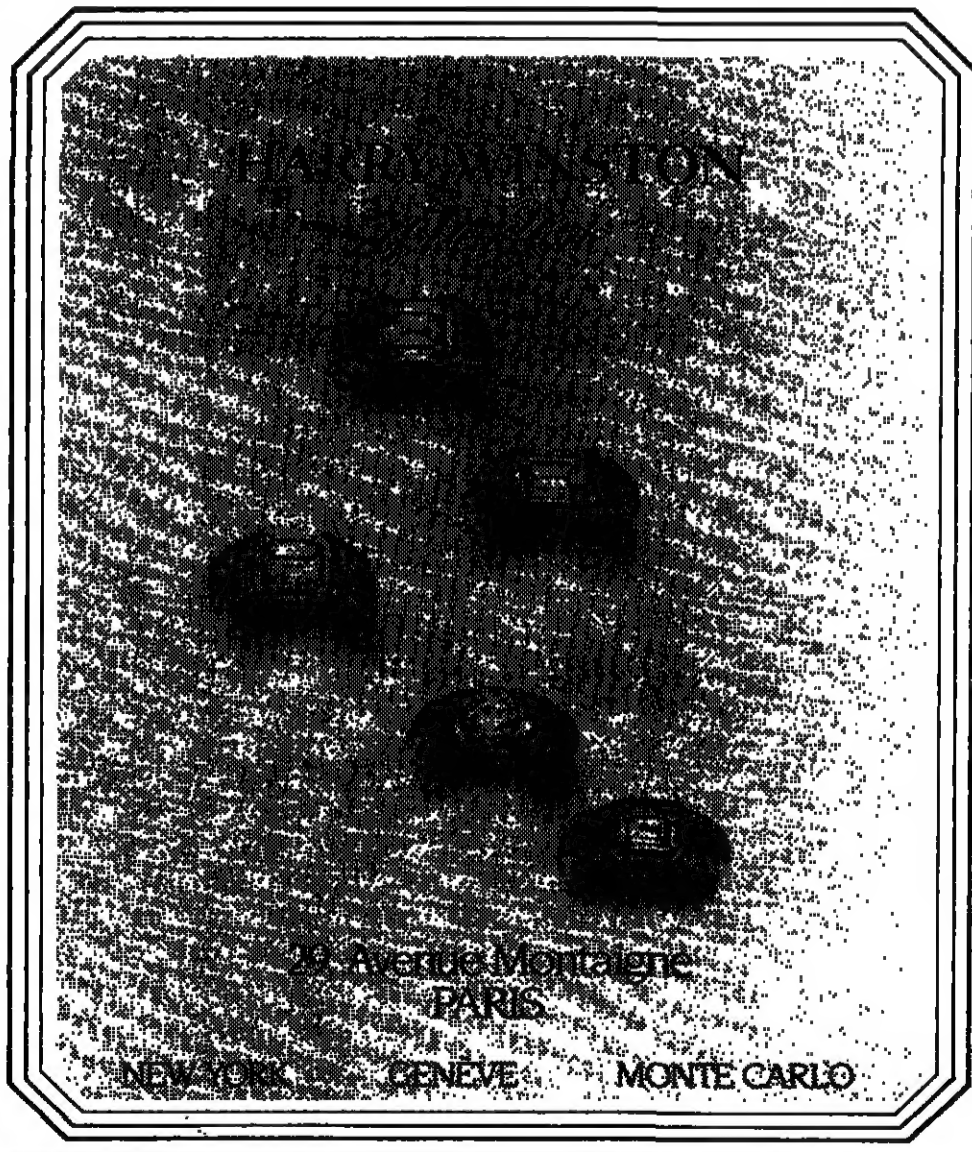
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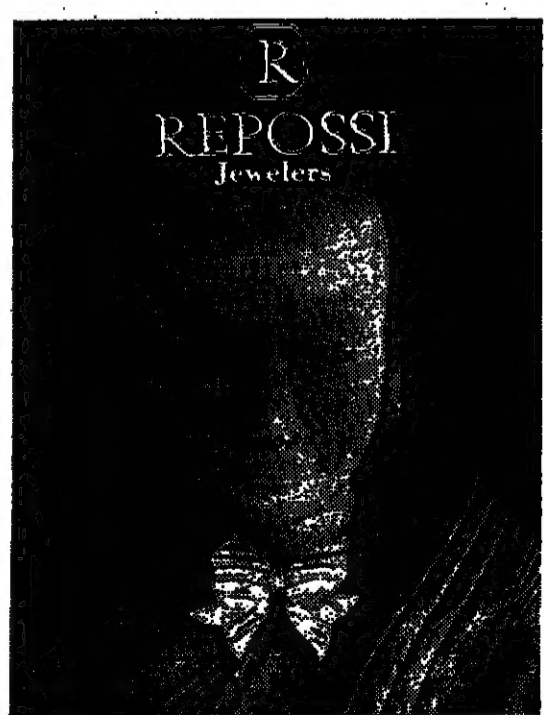
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La Joaillerie Verney and
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are pleased to announce the launching of the book
"Verney, Mariages de Diamants".
To celebrate this event, an exceptional collection
of coloured diamonds and the latest diamond jewellery
designs by Michel Ermelin will be exhibited
from December 10th-14th, 1985, 10h30-18h15 at
Verney 8 Place Vendôme, Paris.



ARTS / LEISURE

At the French Table: History in Exhibit

By Ann Barry
New York Times Service

PARIS — The French take themselves quite seriously in the gastronomic realm, and never more so than in "Les Français et la Table," a retrospective of eating habits and customs from the Celts to the present at the Musée National des Arts et Traditions Populaires in the Bois de Boulogne through April 21. Cutlery, ceramics, glassware, metal pieces, paintings, prints and furniture are arranged in showcases and in rooms to illustrate the evolution of dining à la française.

There are few ancient texts that describe a common meal and it is necessary to rely on archaeological findings. Indeed, what is particularly striking in the initial stages of the show is an almost desperate reliance on shards or fragments of objects — a worn-away knife, a scantily patched bowl.

In the beginning, people gathered in a circle on the floor to sup. It was not until the 12th century that the table made sitters of squatters. Staples of the Celtic diet were cereals, vegetables, cheese and some meat, principally pork. In times of famine, a meal was nothing more than thin soup and bread. A spoon, a bowl, a goblet and a napkin (this a necessity when the custom was to eat with the hands) were the basic appointments.

Drink was a status symbol — imported Italian wine for the better off, mead for the lower classes. Until the 19th century it was advisable to drink cider, beer or wine, not only for caloric fuel but as a substitute for rain and river water.

According to a study of Langue-doc presents of the 15th century, an agricultural worker consumed 4,163 calories a day, 84.6 percent of which was derived from bread. (The average daily intake of an adult man today is about 2,400 calories, about 15 percent derived from bread.) Meat was a rarity, constituting 4.6 percent of the diet. The fork, an instrument proper to a society of meat-eaters, did not become firmly established until the 17th century.

At first, people carried their own knives to table. These knives, since their ends were pointed, probably functioned as weapons also. Not until the 17th century, when the fork and plate came into common

use (the French court had adopted them in the 16th century), did the knife take on a more genteel rounded end. At that time, too, individual place settings became a fixture.

A print titled "Repas Servi sur une Terrasse" (Meal Served on a Terrace), dating from about the end of the 17th century, reveals a transition in French table etiquette. Several dozen elegantly attired and seated — the coiffured gentry are seated — the man-woman-maid-woman arrangement has clearly been established — around a circular table. Forks and knives are in evidence, yet two ladies are still daintily fingering their food. The table is laden with a plethora of dishes in what constituted just one of several courses that included a full range of dishes. This was termed "service à la française," which was replaced in the early 19th century by "service à la russe," a sequential arrangement of one dish after another — the tradition we know today of progressing from hors d'oeuvres to dessert.

Turning a corner, both in the exhibition and in time periods, there is an 18th-century room setting in which the scene is what might be thought of as *la grande cuisine française* in its heyday. The elegantly appointed table, with a spun-sugar extravagance as a centerpiece, features exquisite floral porcelain in a range indicative of the elaborate nature of a repast: from egg cups to casseroles and gravy bowls to individual *refranchissements* or vessels for freshening the wine glass.

In contrast, a scene of a 19th-century country dining room in Brittany is a study in cozy, down-to-earth living. The room was the center of all domestic activity, housing the beds, a grand armchair and a long wooden table surrounded by benches.

The hand-painted pottery is whimsical and flamboyant, combining the abstract with images of flowers and birds. The women, children and old people ate by the hearth, the table being reserved for the working men. When a boy "went to table," it was a sign that he had reached manhood.

Some pieces in the show are reminders that history is ever with us. For example, little tin *gamelles* or lunch pails similar to turn-of-the-century versions in the show are

still used by many French workers to heat their lunches.

Cosmic Cuisine

How astronaut cuisine went from powdered orange drink and stuff resembling baby food to fresh and freeze-dried shuttle menus is the subject of "Space Food," an exhibit at Washington's National Air and Space Museum. United Press International reported that the permanent show, a section of the Museum's "Apollo to the

Moon" gallery, displays photographs and artifacts tracing the cosmic quest for a good meal.

Items range from John Glenn's 1961 beef stew in a tube to modified Coke and Pepsi cans flown last summer aboard the shuttle Challenger. The trend has been toward food "much more like what we eat on Earth," said the exhibit curator, Derek W. Elliott. "Today's food is essentially taken off the shelf and repackaged for a weightless environment."



Tiny waiters serving gourmand in 19th-century woodcut.

Kaleidoscopes Turn From Toys to Objets d'Art

New York Times Service

NEW YORK — The kaleidoscope, once a dime-store children's toy, is now the stuff of museum shops and boutiques. In the hands of modern craftsmen it has been elevated to something of an objet d'art.

In the view of these artisans, not only the inner imagery of the kaleidoscope but the exterior housing demands its own aesthetic. Whether of sleek Plexiglas, carved wood or burnished brass and copper, today's kaleidoscopes bear the mark of an individual maker — indeed, some are made in signed limited editions. Sizes vary from a vest-pocket cigar-size version to a 500-pound (225-kilogram) giant operated with gears and pulleys. The images can be just as individualistic, ranging from sound-activated "fireworks" to lyrical abstractions.

In the United States, prices for modern scopes range from less than \$5 to more than \$5,000. Eric Senter, owner of the Light Opera Gallery in San Francisco, specialized in art glass and Russian lacquer boxes. On a whim, he bought an ordinary commercial kaleidoscope at a 1981 trade show. At a local craft fair shortly thereafter, he met Carolyn Bennett, who was making them in several styles, and bought a second. When another kaleidoscope artisan, Sheryl Koch, walked into his shop with her brass design with two revolving leather-bound glass wheels, he thought he would see if his customers might be as captivated as he was. He bought two at what he considered a bargain: \$100 each. That was on a Friday. They were gone by Monday.

"I would hear my customers discussing their holdings of 30 or more kaleidoscopes," he said. "Obviously, there were a lot of collectors out there that nobody knew about."

Julian Baird, owner of Tree's Place in Orleans, Massachusetts, who represents 37 kaleidoscope makers, has seen a marked resurgence of interest, particularly in the last two years. In his view, people are attracted to "things from a simpler age, when we weren't set on destroying ourselves" — the kaleidoscope represents a different time and period.

The kaleidoscope was invented in 1816 by Sir David Brewster, a Scottish scientist and clergyman, and became popular as a Victorian parlor amusement. Brewster's invention was based on simple scientific principles. Two or three inclined mirrors are enclosed in a tube that has an eyepiece at one



Jerry Young with agate and stained-glass kaleidoscope.

end and a rotating capsule with bits of colored glass and trinkets at the other. The angle of the mirrors — 90, 60 or 45 degrees — produces images of four, six or eight symmetrical segments.

While the basic principle remains the same, today's kaleidoscope makers are expanding the medium. Carmen Colley, a San Antonio artisan, for example, took a course in stained glass and in 1978 saw an intriguing way to apply her new knowledge. Her design was first sold through a local artist's co-op and is now marketed through the World Trade Center in Dallas.

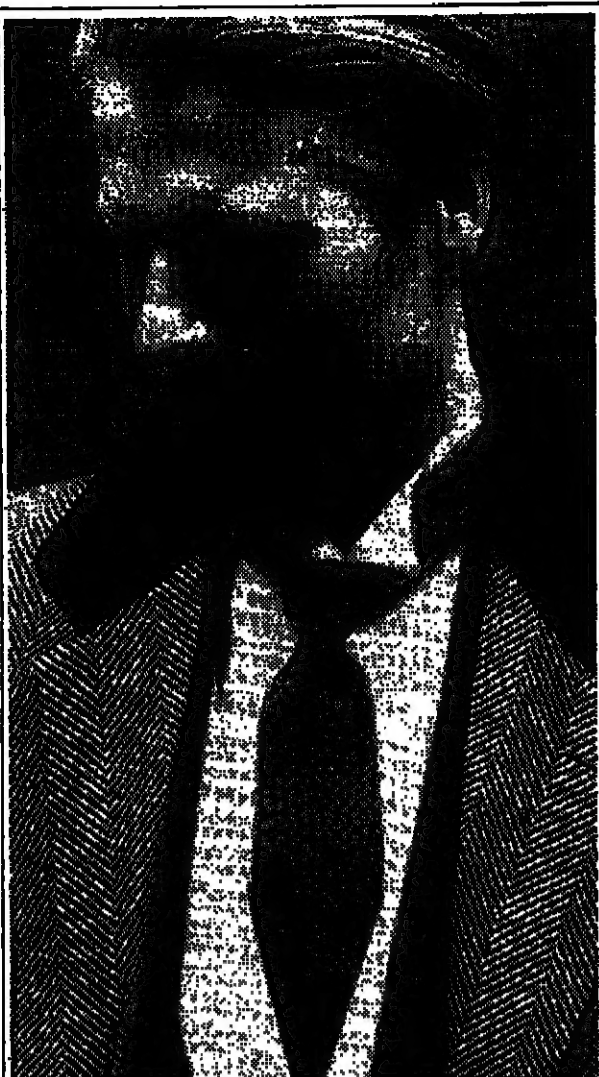
Judy Karelitz, based in Manhattan, uses thin, colorless sheets of double-refracting material for polarizing light. The images that result are fluid, spiraling or a feathery interplay of forms. Karelitz was an elementary-school instructor looking for a tool to teach color and light. Her first kaleidoscope was displayed at the Museum of Modern Art retail shop in 1978. Three years later her Karascope 2 was carried by the Smithsonian Institution shop. In the Karascope, rotating the bottom changes the configuration while rotating the eyepiece changes the colors. Her newest scopes, wrapped in Florentine papers, are shaken rather than turned.

Each one-of-a-kind scope has a theme, such as "Through the Looking Glass."

Another maker is Stephen Auger, who is based in New York and has had exhibitions of his paintings at the Arras Gallery. "In 1978 I had the idea to make a kaleidoscope for my brother for Christmas," he said. "Then I became intent on making a better one. When I did about 30 for a local craft fair and all of them sold, I thought maybe I was onto something." With a college background in physics, he was at the time studying the harmonic relationships among colors.

"The kaleidoscope connected physics with art," he said. "I was fascinated with Old World art forms yet using contemporary elements — crystal balls, natural gems, handblown glass and found objects. It's an attempt to create in this little space a universe of color, texture and form."

Auger now sells in more than 200 shops, among them the Neiman-Marcus chain. From Thanksgiving through Christmas, he will have another exhibition at Arras, including a small edition of glass cloisonné cylinders, with interiors combining unusual colors and gems.



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A survey on ABC readers. Here are the facts.

ABC READERS ARE MORE ACTIVE IN FINANCES AND INVESTMENTS*

Private life insurance and retirement pension schemes	25	14
Credit card	31	30
Two	17	6
Three	17	8
More than three	14	9
Investments through financial concerns (shares, Government stock, fixed term deposits, bonds, etc.)	14	9

ABC % OF FINANCIAL %

One	69	66
Two	19	9
Three or more	5	1
Buy more new cars	61	45
Buy more imported cars	8	4
Buy cars of all capacities, but particularly of the highest	31	36
Up to 1,200 c.c.	42	31
From 1,200 to 1,800 c.c.	10	7
More than 1,800 c.c.	10	3
Major decision-taking responsibility in the purchase of the company's automotive fleet	17	9

ABC READERS OWN A HIGHER NUMBER OF CARS AND IN THE TOP GEAR BRACKET*

No. of cars	69	66
One	19	9
Two	5	1
Three or more	61	45
Buy more new cars	8	4
Buy more imported cars	31	36
Buy cars of all capacities, but particularly of the highest	42	31
Up to 1,200 c.c.	10	7
From 1,200 to 1,800 c.c.	10	3
More than 1,800 c.c.	17	9
Major decision-taking responsibility in the purchase of the company's automotive fleet	17	9

AMONG ABC READERS THE ELECTRONICS AND DATA PROCESSING SECTOR IS OF MAJOR IMPORTANCE*

Hi-fi equipment	38	28
Colour TV	87	80
Videc	22	16
Personal computer (at home)	12	5
Decision-taking responsibility in the purchase of the company's data processing equipment	17	9

* According to a survey conducted in February/March 1985 by CISE, Socioeconomic Research, within the framework of the Autonomous Community of Madrid.

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ABC, Prestigio de la Prensa de España.

ABC: Madrid's General Daily Newspaper since 1905.

By Michael Zwerin

Christmas shoppers' guide to some good jazz and rock records of 1985:

"Lost in the Stars, the Music of Kurt Weill" (A&M). After his eccentrically cast Thelma Houston collection, "That's the Way I Feel Now," the producer Hal Willner has collected Sting ("Mack The Knife"), Lou Reed ("September Song"), Charlie Haden, Tom Waits, Carla Bley, Phil Woods, Marianne Faithfull from Kurt Weill's Berlin and American periods. Thoroughly researched, tastefully paced, the treatments remain faithful to the original spirit without getting lost in the past.

Bessie Wallace, "Twilight Time" (Blue Note). Robust, sensitive, funky, precise, accessible, intelligent, funny, diligent — all these conflicting adjectives apply to the latest album by a longtime "promising young" saxophonist who has heretofore matured and fulfilled his potential. Together with featured sidemen — the former Miles Davis guitarist John Scofield, Dr. John (The Night Tripper) on piano and Stevie Ray Vaughan, the new blues guitar sensation from Texas — Wallace has put together a free-wheeling, hard-driving mix from "Tennessee Waltz" to his own sinuous post-Coltrane lines. Jack DeJohnette's drumming deserves special mention.

Sitting ("The Dream of the Blue Turtle" (A&M). The fact that this fine album sold more than a million copies is an encouraging sign. There are those who believe that Sting did not lead his hot young jazz band (including Branford Marsalis on saxophones and Omar Hakim on drums) far enough into their potential and that it's all too conveniently commercial, but the songs are adult and beautifully sung, the musicianship is superb, the music swings. Like Bruce Springsteen's "Nebraska" and

Steady Dan, the record may well physically wear out before its musical welcome does.

Miles Davis & John Coltrane, "Live in Stockholm, 1960" (Dragon). Lip service has been paid to jazz as "America's only native art form" and "the classical music of the 20th century." This previously unreleased concert recording is a concrete example — the 20th century on its best behavior. (Wynton Kelly, piano, Paul Chambers, bass, Jimmy Cobb, drums.)

Robert Wyatt, "Old Rottenhead" (Rough Trade). The author of "Rock Bottom" and "Ruth Is Stranger Than Richard" is back after a long absence with a somber collection of esoteric songs that somehow cannot help but sound loving no matter how menacing Wyatt tries to be.

Dizzy Gillespie, "New Faces" (GRP). Both Sting and his saxo-

phonist, Branford Marsalis (brother of the trumpeter, Wynton), have been hard to avoid this year. Here Branford joins another hot young team (the pianist Kenny Kirkland among them) who push one of their acknowledged masters (Gillespie) beyond his recent predictability. It is encouraging to hear the new generation expand the old, and the old fuel the new — particularly at the same time and place.

Sade, "By Your Side" (Epic). Two years ago Helen Folasdale Adu was designing clothes and working small London clubs. (Her professional name is pronounced "Shady"; she is Anglo-Nigerian.) Since then her understated, alluring, smoky voice has moved more than four million records. One song tends to resemble the next, but such lovely monotony can be comforting. While the debate heats up — is it jazz? — a saxophone cries in the distance, and Sade sighs: "La la la,

la la — ooh." A one-woman torch-song revival.

Woody Shaw, "Setting Standards" (Muse). Magnificent broken-field running by an exceptional trumpet player we have come to take for granted. It is rare to find such imaginative game plans using old formations ("All The Way"). Blocking by Cedar Walton, piano. Buster Williams, bass, and Victor Jones, drums.

Stevie Wonder, "In Square Circle" (Motown). The crackling vocal personality and bubbling electronic cauldron (here marred by an over-indulged drum-machine fixation) are immediately recognizable as a presence that has become part of our environment. It may have lost some edge, but the body is still kicking.

Dave Cherry, "House Boy" (Barclay). He sings ballads, shouts the blues, raps like a disk jockey and plays the Pakistani pocket trumpet like a griot in Birdland.

Dire Straits, "Brothers in Arms" (Warner Brothers). It would be a bit too easy to call this dreary mélange of adult love songs and political lyrics "laid back." The term implies lack of commitment, laziness as intellectual preference. Dire Straits uses softness as substance, electronics as acoustic texture, ease as irony. The dumb song "Money for Nothing" about how easy it is to make a fortune writing dumb rock songs, is making a fortune. It can either be considered a lapse or proving a point. Few rock bands have the courage to be so ambiguous.

Transcontinental Sleeper Thing of Past on U.S. Rails

By Robin Toner

NEW YORK — It was the night sky over Arizona — broad and clear and filled with stars — that stayed with Belford Johnson. Mark Espie remembered the persistence of Texas as his train inched onward and the geography stayed the same. "Texas takes a long time," he said.

Both remember a peculiar state of mind, being immersed in the country but removed from its cars in the cocoon of a transcontinental sleeping car.

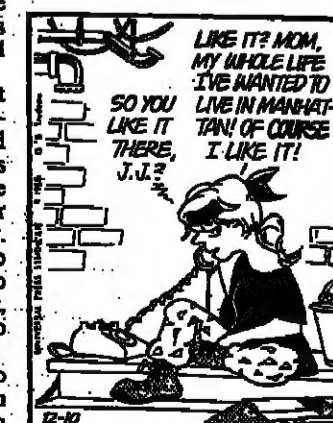
When the Amtrak Crescent pulled into New York's Pennsylvania Station on Sunday, it marked the last time that rail passengers could board a sleeping car on one coast and emerge from the same car four days later, a continent away.

Epis, who was headed home to Philadelphia, said Johnson, who finished his journey in New York, were among seven passengers who boarded in Los Angeles.

Travelers can still travel coast to coast by making connections with other trains; an Amtrak spokesman said. But the service known as "transcontinental through-sleeping cars," in which Amtrak transferred a car in New Orleans — where there is a night layover of several hours — between the line originating in New York and the line originating in Los Angeles, has been discontinued.

The Amtrak spokesman, R. Clifford Black, said Amtrak discontinued the service because "it was not generating sufficient revenue." He noted that transcontinental through-sleeper service was first halted several years ago, then resumed in 1984 because of a flurry of travel around the time of the World's Fair in New Orleans.

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WampB	3179	19 1/2	1 1/2	18 1/2	—
HmeG n	2836	24 1/2	2 1/2	24 1/2	—
EchoB n	2817	15 1/2	1 1/2	13 1/2	—
AEOP w/	2416	23 1/2	2 1/2	21 1/2	+
Pst and	2227	24 1/2	2 1/2	22 1/2	+
TIE	2111	13 1/2	1 1/2	12 1/2	—
THMPt p	2027	16 1/2	1 1/2	14 1/2	—
PGEPt	2037	24 1/2	2 1/2	24 1/2	+
1230	1230	18 1/2	1 1/2	16 1/2	—

High	Low	Close	Ch
242.95	241.24	242.97	-0.

dictions of oil prices falling to as low as \$20 per barrel excited hopes for still lower inflation and interest rates, she said.

"Blue chip issues, especially IBM, General Motors, Merck, American Express and Union Carbide, pushed the Dow industrial average higher," said George Pirroue of Dreyfus Corp. He said the ratio of advancing issues over declines was less spectacular.

Mr. Pirroue said the market should pull back moderately as it then would face on to higher highs in the second half of the year.

Anne Gregory, publisher of the Merrill Lynch Market Letter, agreed that the stock market is likely to continue traveling the high road in the months ahead.

"Improving prospects for accelerating growth in the economy and in corporate profits next year will fuel further increases in stock prices," she said. Additional declines in interest rates into the first half of next year could be another important positive for the stock market, she said.

Union Carbide was the most active NYSE-listed issue, jumping 3/4 to 66 1/2 after GAF offered to acquire it for \$68 a share. GAF was the biggest winner, gaining 10 to 57 1/2. Pacific Gas & Electric was the second most active issue, rising 3/4 to 20, and AT&T was third, adding 3/4 to 24 1/4.

International Harvester jumped 1 to 8 1/2 on volume of more than 2 million shares.

The news from OPEC buoyed airline stocks, but depressed oil issues. AMR Corp. added 1 1/2 to 42 1/2 and UAL Inc. rose 2 to 51 1/2.

Oil issues weakened. Texaco lost 1/4 to 30 1/2, Occidental Petroleum 1 1/4 to 32 1/4. Exxon dropped 1 1/4 to 52 1/2, Atlantic Richfield 1 1/4 to 63.

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Dow Jones Industrial Average											
NYSE Composite Index											
NASDAQ Composite Index											
S&P 500 Index											
Volume of Transactions											
Listed Companies											
New Issues											
Dividend Payout Ratio											
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Acquisitions											
Dispositions											

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(Continued on Page 14)

BUSINESS ROUNDUP

Energy Cooperative To Merge With Svenska

STOCKHOLM — Sweden's government-owned Svenska Petroleum AB and Offshoreindustrierna AB, the consumer energy cooperative, will merge, the Swedish news agency TT reported Monday.

Energy Minister Birgitta Dahl said at a news conference that it was in the interests of both the government and consumers that there should be one large Swedish company in the oil market.

Ulf Dahlsten, the government negotiator who brought the two companies together in talks over two years, said the new company, which will be called OK Petroleum AB, would have 21 percent of the domestic market for all oil products and 21 to 22 percent of the gasoline market. OK currently controls about 19 percent of the domestic gasoline market and Svenska 2.5 to 3 percent.

Both companies had been affected by the shrinking market for oil products and by price wars.

OK had losses of 410.5 million kronor (\$53.6 million) after financial income and expenses in 1984, compared with 1983 losses of 151.6 million. Svenska Petroleum had losses of 6 million kronor in 1984, compared with losses of 30 million in 1983.

OK's chairman, Leif Levin, said the cooperative would have losses of about 200 million kronor in 1985, while SP was expected to

show a 1985 profit. The new company should have profits of at least 100 million kronor in 1986, he said.

Svenska Petroleum's managing director, Lars Hjorth, who will be managing director of the new company, said the new company would acquire all of Svenska's operations, including its gasoline stations and its 51-percent interest in SP Exploration AB.

It will also take over OK's import, refining and fuel-oil activities, but the 20 local associations that make up the cooperative will continue to run their own gasoline stations. The cooperative is expected to buy gasoline from the new company, Mr. Hjorth said.

OK Petroleum AB will have an annual refining capacity of about 4 million metric tons (4.4 short tons) through its 35.5-percent interest in the Skarv refinery at Lysekil on Sweden's west coast and its 22-percent stake in a British Petroleum refinery. OK said last month that it had signed a letter of intent to sell half of its 43-percent interest in Skarv to Norsk Hydro A/S.

The new company will also have a 50-percent interest in OK Kracker AB's cracking facility, with annual capacity of 1.2 million metric tons.

Mr. Dahlsten, the negotiator, said the government expected a good return on its investment in the company and there was no question of its activities being subsidized.

Germans, Dutch Back Production Of A New Chip

BONN — The West German and Dutch governments, in an effort to meet Japanese competition, will provide 40 percent of the finance for the development of a megachip with a capacity of four million bits, the Bonn government said Monday.

The subsidies to Siemens AG and Philips NV will amount to 80 million Deutsche marks (\$189.6 million), the Ministry of Research and Technology said.

The West German government will contribute 20 million DM over four years, 240 million DM to Siemens and the rest to Philips, the German affiliate of Philips. The Netherlands will provide the equivalent of 160 million DM to Philips.

The Siemens-Philips project, created by an agreement signed in October 1984, calls for a total investment of 1.4 billion DM. Production of the megachips should begin in 1986 at Regensburg, West Germany.

For chips of 256,000 bits, which until recently were the most powerful on the market, the Japanese industry had captured 90 percent of world sales.

But lately Japanese companies and International Business Machines Corp. have begun to produce one-million-bit chips.

TWA and Icahn Discussing Revised Merger Agreement

NEW YORK — Trans World Airlines announced Monday that it is discussing a possible amendment to a merger agreement with Carl C. Icahn, the New York financier who is said to be having trouble raising enough cash to complete his takeover of the carrier.

Wall Street analysts said the brief announcement appeared to confirm that Mr. Icahn wants to reduce the cash portion of the purchase price for the approximately 16.9 million TWA shares he must buy to take the company private.

It would appear that the losses the carrier has sustained and is projected to sustain do not justify the price Mr. Icahn has indicated he would pay, said one analyst, who spoke on the condition that he not be identified.

TWA, the fourth-largest U.S. airline, reported a loss of \$13.5 million on revenue of \$1.08 billion in the third quarter ended Sept. 30, and had a loss of \$69.7 million on revenue of \$2.89 billion for the first nine months of the year.

Mr. Icahn owns about 51 percent of TWA's stock and has offered to buy the rest from minority shareholders for \$24 a share, consisting of \$19.50 in cash and \$4.50 in securities, or an indicated \$405.6 million.

Monday's Wall Street Journal, quoting sources it did not identify, said Mr. Icahn wants to change the ratio to about \$14 cash and \$10 in securities, which in effect would

lower the purchase price because the securities probably would trade below their face value.

An announcement from TWA's general counsel, Ulrich Hoffmann, said: "TWA stated today that it is engaged in discussions with Carl Icahn regarding a possible amendment to the terms of their merger agreement."

Mr. Hoffmann declined to elaborate on the announcement. Mr. Icahn's attorney, Dennis Block, asked about the investor's reported financing problems, said, "I think it's improper to comment on stories like that."

Wall Street analysts said they saw no indication that Mr. Icahn is backing away from the TWA acquisition, the result of a bitter takeover battle with Texas Air Corp. that climaxed three months ago.

Investor concern about prospects for the Icahn takeover caused TWA common stock to fall Friday on the New York Stock Exchange, closing at \$18.875, down 75 cents, on volume of 1.6 million shares.

U.S. Firm, Fiat To Cooperate on Plant Automation

TURIN — Fiat SpA said Monday that it had agreed on a joint venture with Digital Equipment Corp. to develop computerized manufacturing systems, in a step towards automated production.

Enio Salce, managing director-designate of the venture, known as Sesam, said at a news conference that the new company would be owned 50-50 by Comau SpA, a Fiat subsidiary specializing in robotics, and Digital Equipment.

European manufacturing companies spent \$4.75 billion in 1985 on factory automation systems of which \$2.15 billion was in areas in which Sesam will specialize, according to company officials.

Digital and Comau are already involved in a project with Renault Automation of France to raise productivity in small plants financed by the European Community's Esprit program.

Former Chairman of Carrian Is Arrested, Freed on Bail

HONG KONG — The former chairman of the collapsed Carrian group, George S.G. Tan, who was arrested Saturday along with two other former executives on charges of bribery and conspiracy to defraud, has been freed on bail, court officials said Monday.

Bail was maintained at 52 million Hong Kong dollars (\$6.7 million), the amount set under two previous counts of conspiracy to defraud linked to the collapse in 1983 of Carrian, a Hong Kong property and shipping group.

Mr. Tan's chief deputy, Bentley Ho, was released on bail of 2 million dollars as set under previous charges against him. Another former executive, Carrie Woo, had been freed earlier.

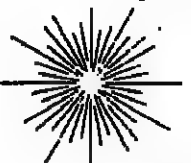
They were arrested in connection with an alleged conspiracy to de-

fraud Bumiputra Malaysia Finance Ltd., the Hong Kong-based unit of Malaysia's Bank Bumiputra Malaysia Berhad, of about 6 billion dollars.

Two former executives of Bank Bumiputra are being held in London, and Hong Kong has requested their extradition.

In all, 23 charges have been filed in connection with dealings between Carrian and Bumiputra.

THE TOP FRENCH QUALITY FIRMS

COMITÉ COLBERT
Van Cleef & Arpels: Fabulous Firsts

Philippe Arpels, General Manager



Flawless precious stones — rare Jonquil diamonds as deep-hued as vintage cognac, rich rubies from Burma, exceptional emeralds from Colombia, shimmering sapphires from the misty mountains of Kashmir — spring to life as the talented fingers of mastercraftsmen translate the daring dreams of visionary designers into splendid jewels signed Van Cleef & Arpels. This reputation for reproducing splendor in imaginative profusion has been synonymous with this legendary jewel-

to create the soft curves and delicate pearls of a jeweled flower or a ribbon bracelet as supple as silk. Equally impressive is the Van Cleef business style: First of the grand Parisian haute joailliers to open in New York in 1928, first to add a boutique of younger, casual jewelry in 1953, first to go to Japan 12 years ago where they now have 10 stores and the first to create a highly successful fragrance in 1977 called, no wonder, First.

But Philippe Arpels, 31, director of this family firm, insists on a distinction: "We are pioneers, but not avant-gardes. We try not to follow fashion, nor to precede it. What is fashionable, becomes unfashionable. We create jewels that live a long time thanks to classic design and the high quality of our materials." Proof of their success: The jaunty lin whiskered in diamonds, a best-seller since 1953, the delightful butterfly brooches, Art Deco designs their clients ask them to recreate today and the dazzling prices Van Cleef designs bring at auction.

They are still making miracles. They hardly had time to photograph two "invisible setting" necklaces of rubies, sapphires and diamonds which took 18 months to make and were sold two weeks later. The exquisite enchantment of a ruffled collar in finely spun "Tulle d'or" gold, the intricate marquetry of a diamond bow brooch, their entrancing Christmas windows on an Opera theme, all capture the inspired essence of elegance that is so distinctly Parisian, so unmistakably Van Cleef & Arpels.

AN ASSOCIATION OF THE MOST PRESTIGIOUS NAMES OF THE FRENCH "ART DE VIVRE" 2 BIS RUE DE LA BAUME, 75008 PARIS

AN ANNOUNCEMENT BY THE COMITÉ COLBERT

Panel Suggests JAL Be Private

TOKYO — A transport advisory body recommended on Monday that the government transfer its 34.5-percent stake in Japan Air Lines to the private sector and end JAL's monopoly of regular international services, official sources said.

They said an ad hoc group of the Council for Transport Policy made the recommendation to Tokyo Yashita, the transport minister.

The ministry is to take action around April to change Japan's civil aviation policy. Industry sources said a change would pave the way for the private All Nippon Airways and TOA Domestic Airlines to operate regular international services.

U.K. Ministers Disagree on Westland Rescue

LONDON — A dispute has arisen between Britain's defense and trade ministers over the best way to save the Westland PLC helicopter company from collapse, government sources said Monday.

Defense Secretary Michael Heseltine has been trying to arrange a rescue package with three European companies for Britain's only helicopter maker. But Westland has been pursuing talks with Sikorsky of the United States and Fiat SpA, the Italian automaker, with the backing of Trade Secretary Leon Brittan.

Now, with both negotiations nearing conclusion, the government has to decide which option it favors.

The Wall Street Journal reported Monday that Sikorsky, a subsidiary of United Technologies Corp., and Fiat expected to announce an

agreement to buy a 29.9-percent stake in Westland for about \$30 million (\$44 million) within a few days.

That would run against an outline agreement that Mr. Heseltine has secured with Aerospaciale of France, Messerschmitt-Bölkow-Blohm GmbH of West Germany and Agusta SpA of Italy for them to acquire a minority interest in the company, the sources said.

Mr. Heseltine saw the agreement as an opportunity to restructure the European helicopter industry so that it could compete more successfully with the United States, the sources added. Under the agreement, the four governments would commit themselves to buying only European helicopters and would streamline the range of craft produced.

But Westland directors reportedly saw a better chance of long-term

survival in an agreement with Sikorsky. Government sources said Mr. Brittan's position was based on his belief that the company and its shareholders should determine their own future.

Westland last week laid off 750 of its 11,000-member work force because of a lack of orders. The company's failure to gain contracts for its W-30 helicopter has brought it to the brink of collapse.

A prospective £85-million agreement to sell 21 of the W-30s to India has not been completed despite persistent rumors that it was about to be signed.

COMPANY NOTES

Deutsche Genossenschaftsbank, the West German central bank for cooperatives, plans to increase its capital by 350 million Deutsche marks (\$138.6 million) after taking over the business last week of troubled Bayerische Raiffeisen-Zentralbank AG, banking sources said.

Elf Aquitaine of France said its subsidiary Elf-Congo had found oil in the Kombi exploration well off the Congo coast.

Exco International PLC said it had sent shareholders a document containing details of the proposed exchange of its holdings in Gartmore Investment Management Ltd. and Fislec BV for British & Commonwealth Shipping Co.'s holding in London Forfaiting Ltd.

General Dynamics Corp. said its board had elected Stanley Pace chairman and chief executive officer effective Dec. 31. He succeeds David S. Lewis, who is retiring.

Hongkong & Kowloon Wharf & Godown Co. reported earnings for the six months ended Sept. 30 rose to 302.4 million Hong Kong dollars (\$38.7 million) from 214.3 million dollars in the year-earlier period.

E.F. Hutton & Co. denied allegations made in a lawsuit filed by Schering-Plough Corp. that Hutton violated securities law by buying large amounts of Schering stock on the basis of confidential information.

Hoffmann-La Roche AG said it would sell a 25-percent stake in Xyrolin AG to Suomen Sokeri Oy and take a small shareholding in the Finnish sugar company.

Kaiser Aluminum & Chemical Corp. said it had rejected an offer from Joseph Frates and a group of investors to buy the company for about \$800 million. The Frates group, which has 9.4 percent of Kaiser stock, offered \$7 cash and

\$13 in securities for each Kaiser share.

Kone Oy, a Finnish elevator manufacturer, said it had acquired a majority of shares in Veridine SA, a French electric-hoist company.

Rabobank Nederland plans a public bid of 200 guilders per nominal 100-guilder share of Nederlandse Scheepswaardebank NV, bringing the cost of a full takeover to more than 47 million guilders (\$16.5 million), the banks said in a joint statement.

United Airlines filed an application with the Japanese Transport Ministry to start service between Japan and the United States on Jan. 28, ministry officials said.

Western Mining Corp. Holdings Ltd. said the initial phase of the Roxby Downs gold-uranium-copper project in South Australia would proceed after BP Australia Ltd. announced its commitment to the project over the weekend.

At Swiss Bank Corporation:

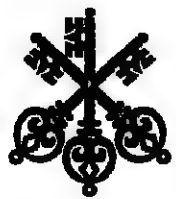
We share your belief in successful institutional investment.

"At the institutional level successful investment is a team effort. We believe in making that effort." **Max Studerus, First Vice President, Zurich**

If successful investment is your credo, you know it isn't simply an act of faith. Investing institutional funds requires a dedicated team with a broad base in every area of banking, worldwide. The stakes are so high and the environment can change so fast, that if you don't have a strong team of in-house professionals you could end up simply running with the pack.

To a newcomer, the world of international markets may seem complicated. But we're veterans of these markets, and we believe they could actually make life easier for you. You know our reputation, but you may not know all our capabilities. And until you know what we could do for you, you may not be aware of all your own possibilities, either.

When you're thinking of exploring new markets, the first step could be the most important: talk to the people at the key Swiss bank.



Swiss Bank Corporation
Schweizerischer Bankverein
Société de Banque Suisse

The key Swiss bank

General Management in CH-4002 Basle, Aeschenplatz 6, and in CH-8022 Zurich, Paradeplatz 6. Over 200 offices throughout Switzerland. Worldwide network (branches, subsidiaries and representatives): Europe: Edinburgh, London, Luxembourg, Madrid, Manchester, Monte Carlo, Paris. North America: Atlanta, Calgary, Chicago, Houston, Los Angeles, Montreal, New York, San Francisco, Toronto, Vancouver. Latin America: Bogotá, Buenos Aires, Caracas, Lima, Mexico, Panama, Rio de Janeiro, São Paulo. Caribbean: Grand Cayman, Nassau. Middle East: Bahrain, Cairo, Tehran. Africa: Johannesburg. Asia: Hong Kong, Osaka, Singapore, Tokyo. Australia: Melbourne, Sydney.

Lintas Zürich SBV 2485/1

Royal Oak Perpetuel Calendar

Audemars Piguet

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**THE INTERNATIONAL
MANAGER**
WEEKLY GUIDE BY SHERRY BUCHANAN
WEDNESDAY IN THE IHT

New Issue These 6 1/4 % Bonds with Warrants having been sold, this announcement appears as a matter of record only. December 1983

Issue Price: 100 %	Exercise Period: December 10, 1985 through December 9, 1986
Repayment: January 10, 1991	Exercise Price: 100 % per 6 % Bonds of DM 1,000.- plus accrued interest

deutschland) GmbH

Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed)

Net asset value quotations are supplied by the funds listed with the exception of some funds based on last price. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (q) - quarterly; (a) - annually.

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Floating-Rate Notes

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Texaco Seeks to Answer Billion-Dollar Questions

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It was a key issue in the trial. The jurors concluded that Texaco had acted inappropriately. Before Pennzoil signed the agreement, it was topped by Texaco, whose \$125-a-share offer was announced Jan. 6, 1984, and ultimately expanded to include all the Getty shares at \$128 each.

Texaco had won Pennzoil's bid, but it convinced the Houston jury that Texaco had stolen Getty Oil through unlawful interference with its agreement. What was the value of that lost? What damage had Pennzoil actually suffered when Texaco actually did the deed? The jury concluded that Pennzoil had lost access to the 1 billion barrels of Getty oil to which its three-sevenths share would have entitled it.

Pennzoil had testified that it spent an average of \$10.87 to find a barrel of oil over the past five years, and the jury agreed with Pennzoil that it would have to spend at least that much in the next 25 years to find new barrels to replace the Getty reserves that it lost.

The multiplication was \$10.87 times 1 billion barrels, producing almost \$10.9 billion as the value of the Getty Oil reserves that Pennzoil lost. Then the jury subtracted about \$3.4 billion, the total cost for Pennzoil to buy its anticipated share of Getty. That left the amount for actual damages at \$7.5 billion.

[illegible]

not quoted; N.A.: not available; ex: ex-dividend	24800 Lombard	\$17 1/2	17
	300 MICC	360	360
	31726 Midcon H X	\$15 1/4	15 1/4
	5350 Maritime I	\$15 1/4	14 3/4
	3573 Merland E	235	350

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SPORTS

Edberg, 19, Routs Wilander to Win First Major Title

Compiled by Our Staff From Dispatches

MELBOURNE — Swedish teen-ager Stefan Edberg stumped defending champion Mats Wilander, 6-4, 6-3, 6-3, here Monday to win the Australian Open final and his first grand-slam tennis title.

Edberg took just 1 hour and 33 minutes to end Wilander's bid for his third straight Australian title. "I played out of my mind," said the 19-year-old after his victory, which brought him \$100,000. "I really served well, which I think was the key to the match because he had a little bit of trouble with his serve."

The final, which had been held over a day because of continuing rain, started two hours late after another early-morning storm drenched the stadium's center court. Only once before had the tournament had to be extended past 14 days — in 1982, when rain forced Johan Kriek and Steve Denton to play the final on a Monday.

But finally the clouds parted and the final was played in brilliant sunshine. Edberg also shone, overpowering Wilander with an aggressive array of booming serves and returns, stunning ground strokes and intimidating net play. The No. 5 seed was the complete grass-court player.

The last time the two had met in a tournament final, in Bested last July, Wilander won the Swedish Open.

Edberg broke Wilander in the 10th game of Monday's opening set, the third game of the second and then the third and ninth games

of the third set to clinch the title. Wilander took Edberg to duce only once in the match.

Wilander appeared edgy in the early going, despite serving more aces than Edberg. In the second game of the opening set, Wilander requested that officials check the height of the net; in the next game, he requested that a center line umpire be told to remove his jacket as the sun was reflecting off its buttons.

Wilander, seeded third, was gracious in defeat, conceding that his compatriot had simply outplayed him. "It's a pity that I don't have the net; in the next game, he requested that a center line umpire be told to remove his jacket as the sun was reflecting off its buttons."

Edberg, seeded third, was gracious in defeat, conceding that his compatriot had simply outplayed him. "It's a pity that I don't have the net; in the next game, he requested that a center line umpire be told to remove his jacket as the sun was reflecting off its buttons."

Sunday night, the two shared a few beers and, before the start of their final, took the extraordinary step of warming up against each other. Veteran tennis officials said they could not remember two finalists ever doing so.

Edberg is the only player ever to win the junior boys title in all four grand-slam tournaments in a single year (1983), and Wilander said he should now be considered for one of the singles berths on the Swedish team that will meet West Germany in the Dec. 20-22 Davis Cup final in Munich.

But, in Düsseldorf, Hans Ohlsson, the Swedish coach, said that "despite Edberg's triumph, I will

decide on the second singles spot after training in Munich and my decision will be made known at the draw" Dec. 19. The top singles spot has been reserved for Wilander.

The dream final between two Swedes in Melbourne is surely good for Sweden, but it doesn't make our job any easier," said Ohlsson. "Switching from grass to indoor surface could create problems."

The only hint of an excuse Wilander offered for his loss on Monday was having been "more pumped up" for his semifinal Saturday against Yugoslav Slobodan Zvezimovic, who had upset John McEnroe in the quarterfinals, and that he had been unsettled by the rain-disrupted schedule.

"This has been one of my greatest tournaments ever," said Edberg. "I've never been so happy in my life."

Edberg follows Björn Borg and Wilander into Sweden's ranks of grand slam titlists, although his attacking game contrasts starkly with the baseline tactics of the other two. But if his tennis is more exciting, his temperament is typical. "We're kind of cool people," he said, "we always behave well and keep our cool." Arguing with umpires? "I can't do that — I'm no good at it."

Edberg's victory meant the four 1985 grand-slam men's singles titles were won by four different players: Wilander won the French Open, West German Boris Becker



A grounds crew member took the plunge at tarpaulin-covered center court early Monday.

won Wimbledon and Ivan Lendl of Czechoslovakia took the U.S. Open.

Edberg reached the final here by upsetting Lendl, the No. 1 seed in the semifinal, 6-7, 7-5, 6-1, 4-6, 9-7.

This was the 10th consecutive year that a foreign player has won

the open — the last Australian champion being Mark Edmondson at Melbourne in 1976. It is expected that this will have been the last Australian Open played on natural grass. The tournament, which is being moved from December to January (to be played next in 1987), is expected to

be resumed on an artificial grass surface.

That would mean the four grand-slam events would be contested on four different surfaces — the French Open on clay, Wimbledon on natural grass and the U.S. Open on hard courts. (AP, AFP, UPI)

SCOREBOARD

Football

College Leaders

TEAM	PTS	YDS	AVG
San Jose	100	480	50.0
Stanford	84	477	47.2
UCLA	73	468	46.8
USC	71	442	44.2
Notre Dame	68	437	43.7
Michigan	62	401	40.1
Ohio State	59	384	38.4
Georgia Tech	55	368	36.8
Alabama	52	351	35.1
Florida	48	324	32.4
Arizona	45	307	30.7
Washington	42	290	29.0
Illinois	39	273	27.3
Nebraska	36	256	25.6
Michigan State	33	239	23.9
Minnesota	30	222	22.2
Wisconsin	27	205	20.5
Colorado	24	188	18.8
Oregon	21	171	17.1
Idaho	18	154	15.4
Utah	15	137	13.7
Washington State	12	120	12.0
California	9	103	9.3
Arizona State	6	86	6.6
Southwest Texas State	3	69	3.9
North Carolina	0	52	0.5

National Football League Standings

AMERICAN CONFERENCE							at Chicago
	W	L	T	Pct.	PF	PA	Minnesota
New England	10	4	0	.714	301	227	Detroit
							Green Bay

ART BUCHWALD

The Blue-Crayon Defense

WASHINGTON I was over at Barry Israel's house the other night when his 8-year-old daughter, Allison, came into the living room.

"Have you done your homework?" her father asked.

Allison handed him a sheet of paper with a crayon drawing on it.

"What is it?"

"It's Star Wars," Allison said. "This is the sun and this is the mommy and this is the daddy and this is the little child, and this is the cat and this is the arc."

"That's fine, but how do you get Star Wars out of that?"

"This blue circle over everyone is Star Wars. The rockets can't get through to kill the mommy, the daddy, the child and cat."

"I don't see how that blue arc can stop missiles from hitting your family," Barry said.

Allison pointed to three red missiles bouncing off the arc. "You see? The bombs are stopped and can't hit anyone."

"Where did you get the idea that a blue crayon can stop a red one?"

"I saw it on television. It said if everyone supports Star Wars we will be safe from getting killed."

"Don't lie to me," Allison's father said.

"She's not lying," I told him. "I saw the same TV commercial. It's

"Me and My Girl" Wins A Top Olivier Award

LONDON — "Me and My Girl" has been named best musical at the 10th annual Olivier Awards, and its star, Robert Lindsay, won as best actor in a musical. Pat Lafferty was named best actress in a musical for "The Cradle Will Rock" and "Les Miserables."

Alan Ayckbourn's "A Chorus of Disapproval" was named best comedy and Peter Barnes' "Red Nooses" won as best play. Anthony Sher was named best actor for "Torch Song Trilogy" and "Richard III."

Allison looked at me for some help.

"I have to agree with your father," I told her. "There are too many different colored crayons for one blue arc to stop. Even if only one color got through it would wipe out your mommy, daddy and child."

Barry said, "Did you hear what your Uncle Art just said? Listen to him. He knows everything."

Allison's lower lip was quivering. "You ruined my drawing."

Her father replied, "I just wanted to teach you a lesson. Don't believe everything you see on television."

Hark! the 'Harold' Gamemasters' Thing

By E. R. Shipp

New York Times Staff

CHICAGO — It was close, but in the end Yale squeaked past Northwestern by a score of 24 to 22.

It was not a football game, however. It was a Harold game, played by the Purple Crayons from Yale playing the No Fun Mud Prahns from Northwestern and the Avant-Gardies from the University of Chicago, who finished a distant third.

Harold is a team "sport" based on techniques developed in improvisational theater. There are seven teams around the United States and others are being organized on college campuses.

Del Close, who is the Abner Doubleday and P. T. Barnum of Harold, says the game may soon hit the big time: Two major national corporations are considering sponsoring teams.

Close, an actor and a former director of the Second City comedy troupe, has described Harold as "a parlor game gone wild." He began developing it in 1967 when he was directing an improvisational troupe in San Francisco, he said. Close and his partner, Chandra Halpern, are promoting Harold among students they meet at college workshops and at their school in Chicago.

At the Crosscurrents Cabaret Theater, a comedy club in a 100-year-old former Swedish meeting hall, three teams were put through their paces recently by a demanding audience of 200. Each team took the stage for 20 to 30 minutes to improvise scenes using word games, mime, songs, poetry and dance, but without scenery or props. The scenes were all supposed to relate somehow to a theme suggested by the audience.

Harold, which might be called competitive improvisational theater, has some loose rules. The teams have no time at the start of a game to discuss how they will depict their theme, and there is a script.

The Avant-Gardies' theme was buttons; the No Fun Mud Prahns' theme was hair and disease, and the Purple Crayons' theme was oranges and juice.

The audience applauded, commented, moaned and hooted as each team glided in and out of scenes. Some of the scenes did

not seem to relate to the theme at all, but, when least expected, there came an allusion.

A pool-hall scene got around to buttons when a man materialized from an imaginary pool table and launched into an explanation that had to do with a bad joke he once told: "The bad-joke police came and they took me away and made me into a political slogan and put me on a button."

The Yale team spun skits about a poet trying to find words to rhyme with "orange," about singing fruit known as the Citrus Kids and about an anti-Semitic man who disparages "orange Jews."

When one team member appears to run out of steam, others come to the rescue with lines that give the scene a lift or lead into a new scene.

Afficionados in the audience discuss the performances. Steve Wilczynski, who has tried his hand at Harold, said: "When something from one scene is reflected in another, you wonder, 'How can they do that? How can they remember that?'"

The audience votes with its applause at the end of each team's performance, awarding one to six points in each of four categories — intelligence, theme, structure and teamwork.

It does not take much to organize a Harold team. Aym Halliday, a member of the No Fun Mud Prahns, said, "The way we found out was by a note tacked up on a board."

Eric Berg, who studied improvisation in Chicago while appearing as Tom Sawyer in the Goodman Theater's production of "The Adventures of Huckleberry Finn" last winter, has organized a team at Yale. He said he had received inquiries from prospective teams at Harvard, Vassar, Dartmouth and Columbia.

"One of the things that might be making it catch on," Close said, "is that it gives you a reason for your education. You pay attention in the courses because you can use the information in Harold."

Harold teams can have any number of members. The No Fun Mud Prahns are mostly theater majors at Northwestern. The Purple Crayons consists of Yale students majoring in political sci-



Del Close (right) explaining Harold to audience; Purple Crayon (above) during group's winning routine.

ence, architecture, comparative literature, art history, electrical engineering and British studies.

Close and Halpern said it was their dream that one day the results of Harold competitions would be reported on the evening news.

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PEOPLE

Opéra Choice Backs Out

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next-door neighbor. John Allen Jr., president of the company that handled the sale, said: "This is the house where the president and his wife and daughters actually lived and slept. That's the reason Raphael bought it." The singer's wife and children will live in the house when he begins a yearlong U.S. tour early next year.

Two years after drawing boos from the demanding audiences of La Scala, Luciano Pavarotti's ovations and critical praise for his opening night performance in Verdi's "Aida" in the Concerto, critic for the Milan newspaper Corriere della Sera, wrote: "The voice of Pavarotti is a marvel that never lets him down" — but Italian critics had wondered if the 50-year-old tenor would displease La Scala's audience as in March 1983, when his voice failed in the finale of Donizetti's "Lucia di Lammermoor." Pavarotti, accompanied by Maria Chiara in the title role and Gennadi Dimirov, took eight curtain calls before the sold-out house.

The American oil heir J. Paul Getty 2d, who has lived in Britain for about 20 years, says he would love to become a British citizen but hasn't applied because he would have to pay more taxes and would have less money to give away. "For years and years, I have wanted to become a British citizen, but my advisers have asked me not to because of the enormous tax consequences," Getty, 53, told the Press Association, Britain's domestic news agency.

A crowd packed a sports arena in Madrid on Sunday to celebrate the birthday of Dolores Ibarruri, the "Pasionaria" of the Spanish Civil War, who turned 90 Monday. Estimates of the audience at the show by Spanish entertainers ranged from 15,000 people to 25,000. The 71-year-old Ibarruri, honorary president of the Spanish Communist Party, sat quietly during the three-hour show. During the Spanish Civil War, 1936-39, Ibarruri became famous for her fiery speeches supporting Republican troops and the International Brigades against the forces of Franco. She returned to Spain in 1977 from exile in the Soviet Union.

Ernest Fleischmann has changed his mind: The executive director of the Los Angeles Philharmonic says he will remain at his current position rather than become general administrator and artistic director of the Paris Opera. Fleischmann, who announced late last month that he would take the Paris job, said that he had not signed the three-year contract with the Opera and that formal approval from the French government had yet to be made. The contract was set to begin in October 1986. Fleischmann insisted that his reasons were strictly personal: In a letter to Jack Lang, the French minister of culture, he said, "The immense outpouring of appreciation for my work here, and affection for me personally made me realize that it was impossible for me to leave this great orchestra and this remarkable community."

Lang announced France's national prizes for arts and letters Monday at the Opera. The laureates included the film director Claude Miller, the choreographer Jean-Claude Gallot, the historian Michelle Perrot, the writers André Pieyre de Mandiargues and André Frénaud, the composer Pierre Henry, the Spanish-born painter